The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japanese Expect "Spanish War" Here--- Will Invoke German Alliance

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Japanese-U.S. Cotton Conference—Manila's Experience

Nanking's Drastic Opium Suppression Program Greates Crisis at Hongkong

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The Cost of Being Hongkong

Yang Hu-cheng Defiant Toward Nanking's Reorganization Plans; Red Leaders Dominate Shensi Capital

Hongkong Develops Air-Defense, Buys Gas-Masks, Prepares for War (*By the Review's South China Correspondent*)

Chairman Chen Yi's New Year Message to the People (*By the Review's Foochow Correspondent*)

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The Virtue of Compromise . . . . . By T. S. Young

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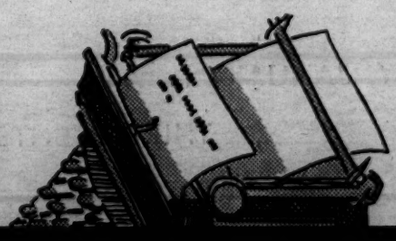

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JAPANESE-U.S. COTTON CONFERENCE—MANILA'S EXPERIENCE

DR. Claudius T. Murchison, President of the United States Textile Institute, arrived in Japan last week at the head of a mission which represents the American cotton textile industry. The object of the mission is to reach an understanding with Japanese cotton industrialists on the question of competition—primarily in the home American market. A *Domei* report from Tokyo on Jan. 9, stated that Dr. Murchison had rejected a Japanese proposal for an exchange of Japanese cotton textiles for American raw cotton. He recommended instead a voluntary, self-imposed system of restrictions on the part of Japanese manufacturers, declaring at the same time that Japan's export of cotton textiles to the United States exceeded the generally published figures. He said that the figure generally given did not include a number of other cotton products, including knitted goods. The present unfavorable balance of trade between Japan and United States, in Dr. Murchison's opinion, could be adjusted by raising the price of Japanese raw silk shipped to the United States. An article in the *Japan Advertiser* (Jan. 6), stated that the outlook for the conference was unfavorable because the American delegation wanted the Japanese spinners and exporters of cotton cloth to reduce their exports to the United States below the 1935 figure while the Japanese wanted a large increase in the quota. The Japanese pointed out that since the United States sells Japan more than America buys in Japan the trade could be balanced by America's acceptance of more Japanese cotton goods. The Japanese also pointed out that Japan's sales of cloth to the American people constituted only about 4 or 5 percent of America's domestic production. The Japanese claimed that American cotton manufacturers could not supply the domestic needs of their own country; that there were other reasons for the depression in the U. S. textile industry than Japanese competition. The Tokyo *Nichi-Nichi* said that the American mission desired to restrict Japan's exports of cotton cloth

to the United States to 36,000,000 square yards, while the 1935 exports amounted to 48,336,000 square yards. Japan's exports in 1935 were 630 percent over the quantity exported in 1933.

About a year ago an attempt was made to reach an understanding through private negotiations but when the deliberations broke down the United States Government imposed a 40-percent advalorem tariff on all classes of Japanese cloth, but even this did not stop the influx of Japanese goods because the Japanese manufacturers merely reduced their prices and thus hurdled the American tariff barrier. In consequence the protests of American industrialists have increased to a point where a mission has been sent to Japan to attempt another private understanding. The report stated that Americans also hoped to reach an understanding with the Japanese cotton industrialists on quotas for American and Japanese cloth in leading overseas markets where the products compete.

No mention was made of particular foreign markets but the reference probably was to Central and South America and the Philippines.

If the present attempt of the United States Textile Institute to reach an understanding is unsuccessful it is obvious that the American cotton industrialists will renew their demands in Congress for increased duties to a point where the clever Japanese will not be able to hurdle the barrier with their cheap Osaka products. Also, it goes without saying that the Japanese will not be able to smuggle their goods into the United States as they have done in China.

Since the Japanese are now the world's best customers for American raw cotton, their purchases in 1934 amounting to 1,845,601 bales as compared with Great Britain's purchases of 1,278,426, it is easy to see that there are many delicate issues involved in the attempt of the American cotton industrialists to induce the Japanese to voluntarily reduce their sales in the American market. The Japanese declare they will not continue their purchases of American raw cotton if they are barred from selling their finished products in the home American market. As a matter of fact the attempts of the Japanese to develop independent sources of raw cotton supplied outside of the United States are well known. Japanese army officers have boasted that they will be able to convert North China into a Japanese cotton plantation capable of supplying the needs of Osaka mills within a period of five years. The Japanese cotton industrialists were also partially responsible for the expansion of cotton production in Brazil, their object there also being to encourage development of sources of supply that would be independent of the United States. In addition Japanese consular officials have been spreading propaganda in the Philippines with the object of inducing the natives to grow cotton for the Osaka market.

In effect the Japanese are saying to the Americans: Close your mills; sell us your cotton; let Japanese manufacture your cotton cloth!

This is the policy which Japan has already enforced on the Chinese so far as cotton manufacturing is concerned. The conversion of vast areas into plantations for the production of the raw cotton for Osaka mills will be the next step following consolidation of Japanese military and political control over the country.

Probably the most significant element in the U. S.-Japanese cotton controversy is the unmistakable evidence presented that the industries of the two countries have become competitive. No longer will it be possible for orators at hands-across-the-sea banquets to declare that the trade between Japan and the United States is "complementary and not competitive!"

Regarding the situation in the Philippines, Frank Murphy, former High Commissioner, in his recent report to Congress explained that the use of American cotton goods in the Islands was 38 percent of the total consumption for the first six months of 1936 and 35 percent for the second half of the year. In 1932 the American manufacturers sold 72 percent of the total which is valued from U. S. $15,000,000 to $20,000,000.

In November 1935, following a threat by the Filipinos to raise their tariff against Japanese cotton goods, the State Department intervened and was responsible for the conclusion of a so-called "gentleman's agreement" whereby the Japanese cotton dealers consented to restrict their sales to a certain stated yardage over a period of two years. But while the Japanese manufacturers (in Japan) have faithfully kept the agreement so far as direct shipments from Japan to the Philippines are concerned, they have managed to circumvent the pact by shipping large quantities of cotton cloth to the Islands by way of Chinese ports. Within recent months large shipments of cotton cloth bearing Chinese marks but of obvious Japanese manufacture, have arrived in Manila from the British ports of Hongkong and Singapore, Chinese ports of Shanghai, Tsingtao and Tientsin, from the Japanese port of Dairen and even from the ports of Korea. Thus have the Japanese been able to "beat the game," which former Commissioner Murphy expressed more diplomatically by stating that while American manufacturers hoped to benefit from the quota arrangement covered in the "gentleman's agreement," it was likely that American cotton merchants would be deprived of anticipated benefits due to shipments of cotton cloth from China ports and also by shipments of cheap Japanese rayon which was not covered in the agreements.

The following table of arrivals of cotton goods at Manila indicates the tendency, the figures representing square meters:

From Japan (direct and covered in quota)	2,409,103	25,054,414
" " (via Hongkong with Hongkong labels)	860,174	9,162,365
" " (via Singapore with Singapore labels)	9,147	9,147
" Hongkong (origin unstated)	574,933	5,774,086
" Shanghai and other China ports (labeled Chinese manufacture	192,129	3,851,898
" United States	1,823,293	20,540,605
Total imports for period	5,958,779	64,393,515

Another weak point in the "gentleman's agreement" negotiated through the agency of the State Department was the failure to include rayon which the Japanese are now dumping on the Manila market in such large quantities and at prices which enable the Filipinos to use it as a substitute for the higher priced American cotton cloth. Japan's sales of rayon on the Manila market from January to September, 1936 amounted to 18,171,189 square meters. American sales in the same period amounted to less than 300,000 square meters.

According to an article by Harold Guard, *United Press* correspondent at Hongkong (Nov. 9, 1936) large shipments of cotton goods made in Japan but labeled "Made in Hongkong," and "Made in South China," have been going to the Philippines by way of the British port. Mr. Guard's report stated, "Although statistics show that the quantity of cotton textiles exported from Hongkong to the Philippines since the beginning of 1936 has increased almost ten-fold, it is understood that only an infinitesimal quantity of these goods were invoiced as being of Japanese origin. But statistics also show that Hongkong's cotton weaving mills have nothing like the capacity to produce such large quantities of cotton cloth for export. They show that the surplus production of the Colony, after domestic requirements are met, does not allow more than 150,000 yards of local textiles to be exported per month. Continuing, Mr. Guard stated:

Similarly, exports of cotton textiles into Hongkong from South China never have exceeded 1,000,000 yards per month, therefore it is evident that at the most only 1,150,000 yards per month could be exported to the Philippines as actual Hongkong or South China manufacture.

During April this year, however, the export figures reached as high as 4,464,363 yards.

Japanese textiles, designated as being "Made in Hongkong," are being sold to the Philippines at a price that undercuts the genuine Hongkong article by 3 to 5 cents per yard, according to one reliable source. Actually, lesser quantity of genuine Hongkong textiles are entering the Philippines today than during last year, although "officially" the trade has increased enormously.

The methods employed, according to prominent Chinese manufacturers, include the cutting of Japanese brands and trade marks from the textiles as soon as they are imported into the Colony, and substituting brands purporting to show that the textiles were manufactured in Hongkong.

Another system, it is alleged, is to open bales or boxes of Japanese goods, take out the top layers and substitute genuine Hongkong textiles. Cursory examination by the Customs officials in the Philippiness leads them to believe that the goods were actually manufactured in Hongkong.

Goods sent to the Philippines without a consular declaration may be delivered to the importer if a bond of 100 pesos is posted as a guarantee that the declaration will be forthcoming within a certain period.

If the declaration is subsequently not forthcoming, the only redress left the Customs authorities is to sequestrate the 100 pesos bond, which represents a negligible percentage of the cash transaction.

Nanking's Drastic Opium Suppression Program Creates Crisis at Hongkong

THE adoption and early enforcement of the national Government's drastic anti-drug regulations in the southern Chinese provinces of Kwangtung, Kwangsi and Kweichow have precipitated a serious crisis in the British Colony of Hongkong, where opium is still sold through an official government monopoly bureau.

It remains to be seen whether South China, where peculiar conditions exist with respect to opium will be able to enforce the drastic regulations including death penalties, which were enforced to a considerable extent in North China in 1936, but which are to be even more drastic in 1937. It was significant that nothing was said in the *Central News Agency* report on January 6, regarding suppression in Yunnan Province where most of South China's opium is produced. From Yunnan the opium is transported to the Canton market, usually through Kwangsi Province, a transportation monopoly which has always constituted an important source of revenue for Kwangsi. Last year, however, due to political manipulations in connection with the readjustment of South China's politics, the transportation of Yunnan opium to Canton was diverted through Kweichow Province.

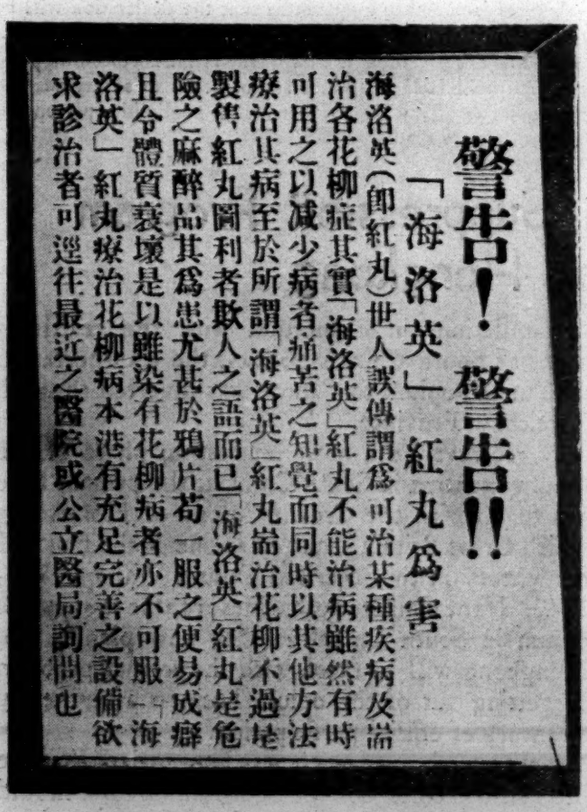
However, the most interesting phase of the opium situation in South China at the present time has to do with the Crown Colony of Hongkong, which Great Britain acquired as one of the fruits of her victory in the so-called Opium War of 1839-1842. If the Chinese authorities are able to suppress opium in South China, as they now plan to do, Hongkong will be faced with the serious problem of getting out of the opium business after nearly a century of official participation.

In certain respects it was appropriate that the little British colony on the South China coast should derive a considerable portion of its revenues from the official sale of opium, because the Colony owes its origin largely to that particular narcotic. Other long standing trade disputes were also involved, but it was China's action in destroying a cargo of British opium at Canton that precipitated the

struggle, which become known as the "Opium War." China not only lost the island of Hongkong, but was compelled to pay an indemnity and open up a number of ports to foreign commerce, but of greatest importance China was compelled to legalize the opium trade.

Hongkong, therefore, went into the opium trade on a large scale, and for about 95 years the sale of that drug through officially owned stores has constituted an important source of revenue for the up-keep of this little corner of Britain's far-flung possessions in the Pacific. It was recently stated in one of the Hongkong newspapers that the Colony once obtained nearly one-third of its revenues from the narcotic trade, but in recent years the traffic has dwindled to a point where it now amounts to only 7.4% of the total revenue. The figures are based upon official reports submitted to the Opium Conference which was held at Bangkok. It was also disclosed that the British Straits Settlements obtained 23% of their revenues from the sale of opium; and the Federated Malay States, another British colony obtained 14.5% of its revenues from the same traffic.

Since Hongkong's gross revenue amounts to only approximately $30,000,000.00 a year, the revenue from the sale of opium is therefore an important item, despite a steady decrease in revenue from that source, due to smuggling and illicit sales.



警告！警告!!

「海洛英」紅丸爲害

海洛英(即紅丸)世人誤傳謂爲可治某種疾病及當治各花柳症其實「海洛英」紅丸不能治病雖然有時可用之以減少病者痛苦之知覺而同時以其他方法療治其病至於所謂「海洛英」紅丸當治花柳不過是製售紅丸圖利者欺人之語而已「海洛英」紅丸是危險之麻醉品其爲患尤甚於鴉片苟一服之使易成癖且令體質衰壞是以雖染有花柳病者亦不可服「海洛英」紅丸療治花柳病本港有充足完善之設備欲求診治者可逕往最近之醫院或公立醫局詢問也

Translation of a Chinese advertisement published in the English-language and Chinese newspapers of the British colony of Hongkong warning the Chinese against the use of Japanese-manufactured heroin which is being smuggled into the colony in large quantities and competes with opium which is sold to the Chinese in government-operated stores.

The text of the advertisement is as follows:

"WARNING! "WARNING!

"Against the dangers of Heroin."

"There is a mistaken belief that heroin will cure venerial diseases and reduce the pain of syphilis.

Such a belief is untrue and is only circulated as propaganda by the manufacturers of Heroin.

Heroin is a most dangerous drug, worse than opium.

You can become addicted to the heroin habit even after a single dose. Heroin is most detrimental to health, even for those suffering from venerial diseases. There is no need for heroin as it will not affect a cure.

"The Hongkong Colonial Government provides free treatment for all venerial diseases, including syphilis, at all hospitals and public dispensaries."

In connection with the smuggling business and sale of opium derivatives such as morphine and heroin, conducted largely by Japanese and their Formosan subjects, the Hongkong government is now running an advertisement in the local newspapers, which constitutes a curiosity in the history of advertising. The notice, together with a translation appears herewith.

The forces which are compelling Hongkong to relinquish its century-old trade in opium are two-fold: Morality and Chinese opposition. Gen. Chiang Kai-shek, following the recent political deal resulting in the unification of Canton and Kwangsi with the National Government at Nanking, announced that South China would suppress opium production and consumption in three years. An official bureau was established providing for official registration of smokers, licensing of dealers and hospitals for the cure of addicts which have proved successful in reducing the traffic in other parts of the country, particularly in the Yangtsze Valley. The enforcement of Gen. Chiang's drastic anti-dope laws last year resulted in the execution before firing squads of nearly 1,000 dealers and hopeless addicts in Central and North China.

From the standpoint of morality the British authorities have become increasingly restive as a result of charges made at League of Nations conferences that their oriental colonial establishments from India to Hongkong have been partically supported by revenues from official sale of opium to Chinese residents. As a result of these charges British colonial administrators met in Bangkok, Siam where it was decided to gradually reduce the traffic. Straits Settlements and Federated Malay States each set up a reserve fund to take the place of opium revenues, the fund in the case of Malaya now amounting to about $45,000,000. Hongkong, however, did not do this; hence the prospect of losing the revenues from opium now constitutes a serious financial problem, particularly serious at the present when plans have been made for spending large sums on the Island's defenses occasioned by the crisis with Japan.

There are approximately 50,000 opium addicts among the slightly less than 1,000,000 Chinese residents of Hongkong and outlying colonial territories consisting of some 390 square miles.

While the Chinese Government has no authority in Hongkong the opposition of the leaders of the Chinese community to the officially-conducted sale of the drug is making itself felt. Several charitable organizations recently combined in the establishment of a clinic where opium victims are administered a cure for the nominal charge of 5-cents. The cure, originated by a Dr. Modinos in the Netherlands Indies, consists in the inoculation of the patient with a serum derived by blistering a spot on the victim's chest. According to Chinese physicians the cure is 50 percent effective in eliminating all desire for the drug. However, the head of the Hongkong medical department, Dr. W. J. Garrard, in a recently published statement in the local Hongkong newspapers disputed the claims of the Chinese physicians. While admitting that some cures had resulted from the administration of the serum, Dr. Gerrard alleged that the cures could not become permanent unless the victim was confined in a hospital for a certain period. The Chinese answer to this was that there are insufficient hospital facilities available for 50,000 addicts and furthermore, the average Chinese cannot spare that much time from his normal bread-winning activities. Some 2,000 Chinese addicts had been treated at the charty clinic to the end of last year.

Regarding the smuggling of opium and derivatives, particularly morphine and heroin, which compete with the officially-dispensed opium from government stores, it was explained that while official opium costs $1,20 an ounce, low-grade smuggled opium costs only 30-cents an ounce. Morphine and heroin, dispensed in large quantities by Japanese and Formosan smugglers, are usually introduced to intended victims as free samples of medicine designed to cure ailments with which the people are afflicted. A favorite remedy is the notorious "red-pills" widely advertised as "cure" for the opium habit as well as venerial diseases. Curiosly, the Hongkong Government, while refusing to administer cures for opium and narcotics habits, does maintain free clinics for treatment of venerial diseases, including syphillis.

China's recently announced intention to apply more drastic regulations for the suppression of opium traffic and consumption of drugs created a tremendous amount of attention abroad. Practically all newspaper correspondents received inquiries from their head offices for full reports on China's alleged intention to conduct "mass executions" of dealers and addicts. However Nanking later denied any intention of conducting mass executions on New Year's Day, but the announcement of the new regulations created a panic among drug users, who flocked to the hospitals for cures before the new regulations went into effect on January 1.

Of further interest in connection with the narcotic situation in China was a recent report by A. E. Blanco, Director of the Anti-Opium Bureau at Geneva. The report, which was dated December 16, referred to the opium situation in China following the first complete year of the National Government's six year suppression program. According to Mr. Blanco the reports failed to include the following information:

1. The number of licenses issued to registered smokers.
2. The quantity of opium sold by the raw Opium Suppression Supervisory Bureau during the year.
3. The amount of opium revenue received during the year.
4. The number of Government Opium Warehouses.
5. The selling price of opium.
6. The rate of taxation on opium.
7. The total expenses incurred in connection with opium suppression.
8. The total quantity of opium produced during the year.
9. The quantity of opium which each smoker is allowed to purchase.
10. The rate at which the ration will be decreased yearly.
11. The estimated quantity of opium entering the illicit traffic.
12. The estimated quantity of narcotics entering the illicit traffic.
13. The estimated illicit cultivation.
14. The method used in establishing the statistics of production.
15. The number of persons licensed to cultivate opium.
16. The number of Hong Licenses issued ($5,000 each).
17. The number of Retail Permits and Certificates issued ($2,400 Class A, $1,200 Class B, $800 Class C, $400 Class D).

Mr. Blanco expressed the hope that a more modern and effective system of control would be adopted by the National Government for the suppression of opium and smoking. He claimed that a system of control which did not give the Government complete authority over the cultivation of opium produced and over sales would not enable the Government to suppress the drug within the six year period announced for suppression. He also criticized a system that allegedly permitted "virtual farming out to private monopolies of certain areas where opium is produced."

Very little has been said recently about the opium situation in Manchukuo, except that the puppet Premier, Chang Ching-hui, admitted that most of the people within the Japanese protected state are now addicted to the use of opium and other narcotics purchased through the Japanese-operated government monopoly bureau. While the Chinese military authorities of Jehol illicitly produced opium prior to the Japanese occupation, its use was never officially encouraged, and constant educational campaigns were conducted in the schools against the use of the drug. Since the Japanese occupation, however, the Japanese military authorities have created an official opium and narcotics monopoly, which constantly propagates the use of the drug. In addition the Japanese opium monopoly has taken over the sale of both

opium and other narcotics in areas of North China which are dominated by the Japanese Army.

The narcotic element is also involved in the Japanese campaign to control Inner-Mongolia. Previously, much of the opium in that area, popularly known as "Turkish", was transported over the desert from Sinkiang Province by camel caravans to the town of Paotow, where it was shipped on the railroad to the Peiping and Tientsin markets.

One of the objectives of the Japanese drive into Chahar was to control this traffic, and apparently the Japanese warlords were eminently successful, because immediately following the completion of the drive into Chahar in the summer of 1935 all opium which passed through Kalgan from that date on was escorted by armed Japanese of the ronin class, who received the protection not only of the Japanese consular authorities, but also of the Japanese military missions which function in the various cities. Recently it was claimed that the expenses of the Japanese drive into Suiyuan Province were covered by revenues from the opium and narcotic traffic, which is operated under the protection of the Kwangtung Army.

Little doubt remains in the minds of most people that opium and heroin now constitute potent instruments of Japanese policy in China particularly in the north.

Japanese Expect "Spanish War" in China—Tsai Says China Already Japanese Colony

ACCORDING to a report in the *Yomiuri Shimbun* (Tokyo) Foreign Minister Arita telegraphed instructions to both Ambassador Shigeru Kawagoe and Consul-General Yakichiro Suma to reopen negotiations with the Nanking Government immediately on outstanding Sino-Japanese issues—before the reopening of the Diet—scheduled for Jan. 21. It was stated that China had requested a further postponement on the ground that Nanking was concerned with domestic problems, but the Japanese Foreign Office authorities "were loth to overlook the present opportunity because the atmosphere was much improved and another adverse factor might crop up at any moment." Continuing the report stated that when the negotiations were resumed such questions as Nanking's employment of Japanese advisers, control of Korean malcontents and reduction of the Chinese tariff "on which negotiations for three months had been proceeding" would be taken up in order that an agreement could be drafted. Regarding the situation in North China, the issues involving Sino-Japanese communications, joint defense against communism and other issues upon which agreement had not yet been reached, the Tokyo Foreign office declared its intention of negotiating on the basis of a memorandum which was presented to Foreign Minister Chang Chun by Ambassador Kawagoe on December 3.

On Jan. 12 a *Domei* message stated that difficulties confronting Nanking in connection with the Sian mutiny "probably would delay the scheduled resumption of Sino-Japanese conversations for a readjustment of the diplomatic relations of the two countries." Consul-General Suma, who has always taken the lead in presenting Japan's demands at the Nanking Foreign Office, came to Shanghai early this week to confer with Kawagoe on the situation resulting from the Sian crisis, particularly the threatened resumption of civil war.

That the Japanese expect an early outbreak of civil war as an aftermath of the Sian coup, a civil war similar to that prevailing in Spain with the country divided into anti-communist and pro-communist groups, was indicated in an important article which appeared in the January number of the *Kaizo*, well-known Tokyo magazine. The article was written by Hitoshi Onishi, well known editorial writer on the staff of the *Tokyo Asahi*. Editor Onishi, after analyzing the Sian incident, concluded with this statement:

> "Under the circumstances, the position of the National Government at Nanking is likely to become more difficult with the passage of time. The provisional government of 'Young Marshal' Chang Hsueh-liang could hardly be expected to gain any remarkable strength in any case, but the cooperation with the communists which he has in mind is an inevitable course in all events as a means of stimulating the 'People's Front and the anti-Japanese campaign.' Resistance against Japan is a common slogan with all Chinese warlords and classes, but the real objective concealed under this slogan differs according to the circumstances of the different proponets. China, though conditions differ from those prevailing in Spain, will, nevertheless become divided into two parts (halves), one being anti-Communist and the other pro-Communist, with the popular frontist ideology, and there will be repeated internal strife between the two halves."

In his article, probably the most illuminating written by any Japanese since the outbreak of the Sian complications, Mr. Onishi expressed the opinion that the Sian *coup* had definitely shattered the hope of national unification of China; had shaken the Nanking Government to its foundations, but of more importance from the standpoint of Imperial Japan's plans, it had forced a suspension of the Chinese program in North China and in Suiyuan province.

"What will be the future of the provisional government established at Sian?" Answering his own question the Japanese writer stated that Nanking was already rushing puitive troops under the command of Gen. Ho Ying-chin, war minister. "But the final suppression will cost a great

sacrifice and probably will take a long time, because the rebels have seized the Lung-Hai railway which is the only available means of access to Shensi province; hence the punitive expedition will have to climb over many natural strongholds before it crosses the border of the province."

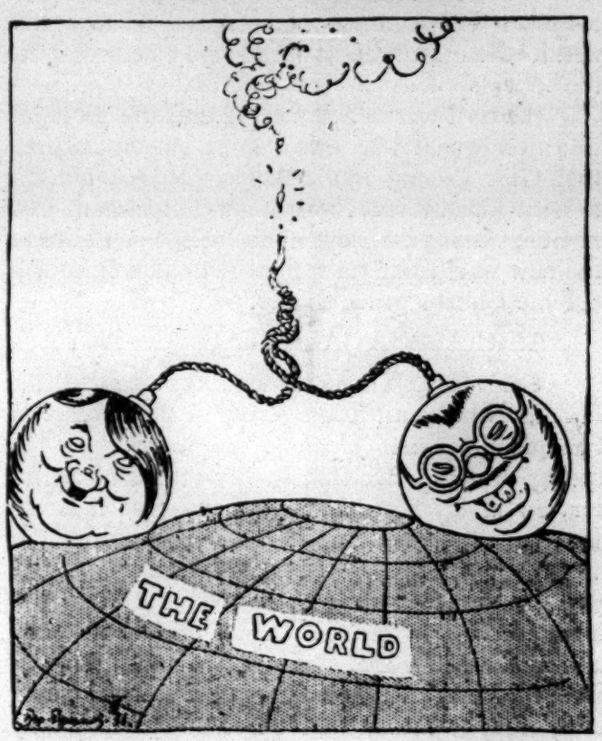
It was obvious that the Japanese felt greatly relieved as a result of the Sian development and were prepared to sit back with considerable satisfaction and observe the Chinese fly at each other's throats because the outcome would be a greatly weakened country and easier prey for Japanese imperialism.

The great accomplishment of Chinese unification, according to the Japanese editor, was ascribable to the extraordinary ability of General Chiang Kaishek who had successfully overcome the many difficulties that stood in his path in the politics of the past decade. He had built up an unchallenged position all over China and it seemed that none could rival him in the length and breadth of the land. Following his successful deal with the Southerners the Generalissimo had become the idol and hero of the people, evidence of which was provided in the celebrations staged throughout the country on the occasion of Gen. Chiang's fiftieth birthday anniversary when he was presented with 66 airplanes bought from funds raised by popular subscription throughout the country . . . But his great achievements were frustrated at the eleventh hour . . . whether the *coup* was carried out at the initiative of Marshal Chang Hsueh-liang or by the impulse of revolt instigated by the Communist elements in his camp is still uncertain, but it may be taken as an outcome of the success of communist propaganda upon the Northeastern Army under Marshal Chang which long has been imbued with 'dangerous thoughts and has been acting in concert with the communist armies in China . . . At any rate the incident was caused by the decision of Marshal Chang to act with his troops . . . and also by the excessive confidence of Generalissimo Chiang Kai-shek on the other hand.

Mr. Onishi's article was written while Gen. Chiang Kai-shek was still a prisoner and fear was entertained that he would not escapt alive, but while the revolt "was destined to affect Chinese politics considerably and shake the Central Government to its very foundation—a government built up and maintained by the overwhelming power of Gen. Chiang—in spite of this, it is not likely to lead to the collapse of the Government because its foundations have been laid so firmly that it may not be jeopardized."

That the Japanese are planning participation in the expected outbreak of civil war—as Germany is participating in the struggle in Spain—was indicated in an article published in the *Miyako Shimbun* declaring that the Japanese people "have come face to face with the necessity of the German-Japanese anti-communist agreement just concluded . . . The conclusion of the agreement was announced on Nov. 25 and now the Japanese people are elated that the Sian incident has demonstrated the true worth of the German-Japanese

"TIES OF FRIENDSHIP"



—*Izvestia*

pact and its significance will be understood by the people at large . . . who will realize the solemn fact of the Sian incident that bolshevism has reached to their very doors . . . Marshal Chang Hsueh-liang has demonstrated to us in person the necessity of the German-Japanese agreement."

Foreign Minister Arita also took advantage of the Sian incident to call attention to the significance of the Japan-German alliance. He declared, "All the world is concerned over the steady bolshevisation of China, and especially for Japan it is of serious concern inasmuch as the Communist movement ties itself up with the anti-Japanese movement so as to utilize and intensify it."

It remained however, for the local Japanese newspaper, the *Shanghai Nippo* to suggest that the Sian episode had enabled the Nanking Government to realize more fully the danger of communism, hence Nanking should now be willing to accept Japan's proposals for joint action against the reds—which may have been the idea in Foreign Mnister Arita's mind when he telegraphed Kwagoe and Suma to press Nanking for a resumption of negotiations. The *Nippo* declared that Nanking had reached the crossroads and must decide upon the government's future course . . . Japan still insists on her fundamental attitude towards China, the central point of which is the policy of defense against communism . . . Should

the National Government continue to avoid giving a definite answer to Japans' proposals and should Gen. Chiang Kai-shek sincerely carry out the agreement by which his release was brought about, then the Japanese Government will harden its attitude toward China. . . . Sino-Japanese relations are even more critical than before the Sian *coup*. . . . The Chinese authorities probably will decide their attitude toward Japan according to the development in the international situation . . . the civil war in Spain represents the prologue to a new world war and it must be remembered that Gen. Chiang Kai-shek has pledged himself to fight Japan whenever such a war breaks out. . . . If Gen. Chiang is serious in his intentions to utilize the new world war for a fight with Japan, he will become China's grave-digger."

"ALREADY A JAPANESE COLONY"

Gen. Tsai Ting-kai, who commanded the famous Nineteenth Route Army in the defense of Shanghai against Japanese aggression in the spring of 1932, declared in the course of an interview at his home in Hongkong that it is too late to speculate upon the possibilities of victory or defeat in a war with Japan. With Japan in military control of the Manchurian provinces and a considerable portion of North China and Inner-Mongolia, and in economic control of most of China's vital resources such as cotton, salt, coal, iron, it means that the country is already in effect a colony of Japan. In view of this circumstance, China's only chance of regaining her freedom is through long-sustained united military resistence. The Chinese people must prepare for a desperate war of defense because the Japanese probably will occupy and garrison every port from Korea to the Gulf of Tongking. In the opinion of Gen. Tsai, one of the extremely few Chinese generals who has actually opposed the Japanese military machine, it would be possible for China to wear down and defeat the Japanese in approximately one year. As the Japanese already have about half their standing army in Manchuria and North China (150,000), it means they probably could not put more than a million additional men on the continent to garrison Chinese ports. The expense of maintaining this force, plus the economic effects of a Chinese boycott and the inevitable complications with the Occidental powers resulting from Japan's blockade of the China coast, would bring about a financial economic collapse in Japan within one year. Gen. Tsai expressed the belief that the tactics which he used in 1932 when his small force of Cantonese (30,000) successfully resisted a Japanese land and sea force of many times the strength of the Chinese, would be equally successful in a general war of salvation against Imperial Japan.

Referring to the Sian episode, Gen. Tsai stated that he had, along with other commanders in the South wired Nanking expressing their readiness to support the Central Government. While condemning the illegal methods used by Marshal Chang Hsueh-liang, he declared his sympathy with the program of a united front against Japanese aggression and declared his readiness to resume command of his 19th Route Army in any program of resistance against Japan decided upon by the Central Government. However, he expressed strong opposition to any resumption of civil warfare in China and declared that the military leaders in the South were unanimous in the belief that domestic issues, including the problem of dealing with the Chinese red armies, should be settled by political means and without use of force which should be reserved for use aganst Japanese aggression exclusively. Gen. Tsai said that a full division of the 19th Route army with officers corps was intact and now stationed in Kwangsi province. He declared that the intelligent classes of Chinese everywhere would support Gen. Chiang Kai-shek in a program of resistence to Japanese aggression, but declared that it probably would first be necessary to reorganize the national administration to the extent of eliminaing certain "pro-Japanese traitors," the names of whom Gen. Tsai did not disclose.

Quite similar views were expressed by the two Kwangsi leaders, Gen. Bei Chung-hsi and Li Tsung-jen in an interview with W. Lewisohn, which appeared in the *North-China Daily News* on Jan. 13. Both declared that war with Japan was necessary if China was to escape complete absorption by the Island Empire. Both declared their conviction that China was able, even now, to fight Japan successfully and if necessary could hold out for ten years. Disasters which such a war would cause to the coastal towns would be inconsequential in comparison to the importance of the issue. Both Bei and Li were strongly critical of any policy of non-resistence or compromise and cited many examples from history showing where smaller and weaker nations, by a show of determintion, had successfully withstood aggression by a stronger power. Both declared their willingness to serve in any capacity under Gen. Chiang Kai-shek in the event of war with Japan.

U. S. Secretary Roper Hails Business Recovery, But Adds Warning Note

Daniel C. Roper, United States Secretary of Commerce, in a year-end statement hailed the business recovery on all fronts during 1936 but struck a note of warning regarding "the importance of the lingering aspects of the depression" which should not be under-estimated. Mr. Roper said that unemployment, while alleviated materially during 1936, is still a paramount problem, and "he hoped that the efforts at co-operation between business and the Government, aided by the extension of business improvement, may result during 1937 in further material progress towards a solution of the unemployment situation."

He also pointed to the improvement in industrial production, farm income and trade, and the extension of retail and foreign trade, and said that business activity is now in the highest position since 1930, and "is still turning upward."

Hongkong Develops Air-Defense, Buys Gas-Masks, Prepares for War

(FROM THE REVIEW'S CORRESPONDENT IN SOUTH CHINA)

At a moment when there is general apprehension of a serious conflict among nations in the Far East which may in time involve leading European countries with big interests in this part of the World, the question of defence of Hongkong commands the greatest public attention. England recently announced a scheme for the building of new barracks in Hongkong to provide for the accommodation of three battalions of British soldiers at a cost of about £1,100,000. The amount spent includes £250,000 for levelling and anti-malarial work and to the spacious type of buildings required to meet local climatic conditions. These barracks will be built in Kowloon, on the mainland opposite Hongkong Island.

But the question that mostly concerns the authorities is perhaps the question of air defence in view of Hongkong's peculiar geographical condition and also the fact that it is commonly realized that the next world war will be mostly fought in the air. Hongkong is ideally situated for anti-aircraft defence, owing to the numerous high mountains surrounding the strategic points both in Hongkong and the Kowloon mainland. Because of recent improvements the modern anti-aircraft weapons now available in Hongkong can lay a veritable barrage around hostile planes invading Hongkong.

The most recent devices adopted to strengthen Hongkong's air defence have been made along the folloing lines:

1.—Adequate protection of certain buildings in the Colony;

2.—Earmarking of the first and second floors of certain public and private buildings for rapid conversion into gas shelters;

3.—Supply of effective gas masks to the populace;

4.—Centralising of food supplies and organization of a Committee to distribute food to the populace;

5.—Mass displacement of sections of the populace into the hills surrounding the city and in the Kowloon mainland.

In this connection it is interesting to note that a certain cement factory which has not been doing so well during recent years is now mcch busier with its manufacturing because of the greater demand for its product in connection with certain defensive measures taken locally.

In Canton somewhat similar measures have been taken by the new provincial government under General Huang Mu-sung, who recently discussed with the Mayor, Mr. Tseng Yang-fu and other high officials regarding the construction in the near future of ten underground markets in Canton. In time of peace they can be used as markets for hawkers of all descriptions, thus relieving the congested traffic on roads, but in time of war the markets can be utilized as anti-air raid shelters for pedestrians.

An unofficial estimate places the total cost of safeguarding Hongkong against the menace of gas at approximately $1,500,000. This does not include the cost of naval, army and air force defence.

Much of the money spent for the protection of Hongkong against air raids comes directly from tax contributions by local residents. It is estimated that Hongkong will have to pay well over five million dollars out of its general revenue as contribution to its Defence Cost in the coming year, as compared with $4,741,452 contributed in 1935, $4,198,058 in 1926; $3,748,960 in 1928, $3,863,769 in 1930, and $6,570,000 in 1932, which was the highest figure for the past ten years. Between 1926 and 1935 (inclusive) Hongkong contributed $45,558,627 for its defence cost. For the coming year apart from the over $5,000,000 assigned for defence cost, provision is made in the Government estimates for over two lakhs of dollars in respect to the Volunteer Defence Corps and the Naval Volunteer Force.

Meanwhile it is understood that the authorities in London are providing effective gas masks of the latest pattern for all personnel in Hongkong likely to be employed by the War Department in the event of any emergency in this Colony. This personnel will, of course, include any civilians co-opted by the military authorities.

Plans are still under discussion for the manufacture of gas masks in Hongkong and several Hongkong rubber goods manufacturers, of whom there are about six or seven, were approached some time ago regarding the project. In any case, Hongkong factories will be only able to manufacture the rubber masks and it will still be necessary to import the service containers from England. These cannot be made in Hongkong, as their contents are a secret known only to the highest officials in England.

Realizing the danger of conflict in the Far East the Colony's St. John Ambulance Brigade, a charitable organ, has already put into practice a systematic training of all its members, numbering over 700. Each week dozens of these volunteers and nurses and ambulance bearers have gone through the military and naval tear-gas chambers. They are equipped with service gas masks loaned by the British authorities. Some members of the St. John Ambulance Brigade of Hongkong served the wounded Chinese soldiers during the Sino-Japanese undeclared war of 1932 in Shanghai.

An Important Appointment

It has been announced also that Lt. Col. W. T. O. Crewdson, R. A., has been appointed Anti-Aircraft Defense Commander in Hongkong as from January 1. This officer is already Commander of the Fifth Anti-Aircraft Brigade, stationed in Hongkong, from which it may be assumed that his responsibilities have been considerably extended.

For two months Hongkong has been exercising the anti-aircraft defences of its garrison with the Navy, Army and Royal Air Force participating. Since mid-November, war stations have been manned by certain sections of Hongkong's defence forces for maneuvers, just ended, which have systematically tested the local defences against air attack. The initial part of the maneuvers, which were concluded in mid-December, included almost daily attacks upon strategic parts of Hongkong by the Royal Air Force machines.

As the maneuvers were carried out outside the City Proper of Hongkong or Kowloon they attracted very little public attention although some interest was aroused among the residents when they observed occasional night-flying by machines of the Royal Air Force with an airdrome in Kowloon City known as the Kai Tack Airdrome. During the maneuvers no attempt was made to "repel" the invaders by aerial defense, the maneuvers being for the purpose of testing anti-aircraft defences on the ground. For this purpose, stations were taken up by the Army's A. A. section aground, and included the manning of searchlights and mobile anti-aircraft guns. These defence positions are scattered in many parts of the Island, in the Stanley Peninsula and elsewhere. Due to the limitations imposed by the Treaty of Washington (the naval clauses of which, however, expired on December 31), they were only temporary positions, the gas and searchlights being mobile.

For a number of nights, invading Royal Air Force planes flew over the positions, at heights varying from 4,000 to 8,000 feet. In order to test the accuracy of the defences, "live" shells were used by the gun crews. Safety of the pilots in the machines was assured by setting the time-that in the shells in such a manner that the shells exploded approximately 1,000 feet below the planes.

A Costly Practice

In order to conserve ammunition (it costs £4 each time a gun is fired) a slow rate of fire was maintained by the gunners. Nevertheless, at the one position alone, something like 20 shots were fired each minute while the "enemy" planes hovered overhead. This was repeated in several strategic positions throughout the Colony. To obviate the risk of collision "attackers" flew at various heights. The day-time flight was for the purpose of testing range-finders and other instruments, and for the purpose of detecting the cunningly hidden gun-emplacements. A eye-witness of these new defences described that the defence on the whole had been placed on as reassuring a footing as has been possible within the limitations imposed by the Washington Treaty.

The fortress training period has actually only commenced. In the spring it will be continued by the garrison as a whole. Among those who will participate will be the First Battalion, Seaforth Highlanders, who arrived in Hongkong only recently from Palestine, where they were on Active Service for many months. Meanwhile there will be a general exodus of warships from Hongkong during the remainder of the week. They are en route to Singapore, the British naval base in the Far East, and, when they anchor there they will represent, according to the *Singapore Free Press*, the largest concentration of warships ever to visit that Harbor.

H. M. S. *Hermes* and H. M. S. *Dorsetshire*, which departed on January 4, will not be returning to Hongkong, as they will be replaced by H. M. S. *Eagle* and H. M. S. *Suffolk*. H. M. S. *Eagle* is replacing the smaller aircraft carrier on China Station, while H. M. S. *Suffolk* is returning to Hongkong after an extensive refit at a cost of £513,000. *Dorsetshire* is proceeding to England for an identical refit.

H. M. S. *Cumberland*, flagship of the Commander-in-chief, Vice-Admiral Sir Charles Little, is also proceeding to Singapore. The full list of vessels due in Singapore from Hongkong includes: Cruisers: H. M. S. *Cumberland*, *Dorsetshire*, *Suffolk*. Aircraft Carriers: H. M. S. *Eagle*, *Hermes*. Destroyers: H. M. S. *Duncan*, *Daring*, *Diamond*, *Diana*, *Delight*, *Duchess*, *Decoy*, *Defender* and *Westcott*. Submarines: H. M. S. *Medway* (Mother Ship), *Oswald*, *Parthian*, *Regulus*, *Pandora*, *Regent*, *Osiris*, *Phoenix*, *Olympus*, *Proteus*, *Perseus*, and *Rainbow*. Sloops: H. M. S. *Lowestoft* and *Falmouth*. These warships, with the exception of *Hermes* and *Dorsetshire*, will return to Hongkong in the Spring, when combined operations will commence.

January 8, 1937.

COST OF BEING HONGKONG

The Estimates for 1937 have been described as an "Economy Budget", but the description "Defence Budget" might not be inapt. It is a little startling to examine allocations and observe what part of the expenditure is to be devoted to defence. Of the total to be found next year ($32,259,160) not less than $5,379,660 is Military Contribution, while the Volunteer Corps is to cost $158,369 and the Navy Volunteer $42,914—a total of direct expenditure for defence of $5,580,943. In addition, a number of departmental items have war significance, from roads to gas masks. The widening and improving of the Customs Pass Road, to cost $60,000, is debited against the motorist—but this was originally a military road, is so still; and, though the widening and improving are welcome, it cannot seriously be pretended that they are for the joy-riders' sake. The $60,000 may well be added to the defence expenditure. Other Kowloon roads which have suddenly received official attention are to cost in all about $100,000. As to what further items may be debited to defence, exhaustive classification is not possible, but a number of votes, such as the half cost of the new runway being built by the Royal Air Force at KaiTak, seem also to be contributions to preparedness; and it is probably no exaggeration to say that about $8,000,000 of the $32, 259,160 called for next year is for "political security."

There can be no objection to a preparedness policy—especially as there can be no suggestion of aggression on Hongkong's part. At the same time the local resident is entitled to demand that the Administration adopt a comprehensive policy, remembering that there are social and economic problems as well as as political anxiety, and that there is a limit to the Colony's financial resources. It is true that much of the Military Contribution returns to the Colony in the form of naval and military expenditure, sailors' and soldiers' pay, etc; but the same is true in all countries and does not alter the facts that the money must be raised by taxation and that excessive military expenditure diverts funds from other services. The Colony is called upon to devote between 20 and 25 per cent. of its revenue to defence. The proportion of the United Kingdom expenditure allocated to the fighting services was only about 14 per cent. in 1935-36, and is about 18 per cent. in the expended programme of 1936-37; but at home national and municipal expenditure are separate and, of the whole administrative outlay national and municipal, the proportion allocated to defence can probably be set at a much lower figure. The issue is one of ratio. A population of one million people, of whom probably half are paupers, cannot be expected to bear all or even a great part of the cost of defending a post which is of great Imperial value and keenly coveted by other nations. We boast of our Hongkong, but the Colony's importance is a very expensive asset. The great Dominions escape much more cheaply. Quite prepared to contribute substantially to the cost of its defence and of its retention within the Empire (which are two different concerns), the Colony may fairly ask that essential development and social services be adequately provided for. If this request is rejected without sympathy, the Colony will be justified in abolishing the Volunteer services and confining its local provision of security personnel to the Police Reserve, which unquestionably offers more immediate value for expenditure.

Because of the cheapness of the dollar and for other reasons, the 1937 Estimates break several records. The cost of being Hongkong over and above the cost of merely being, is not entirely made up of military expenditure. Circumstances saddle us with a costlier Civil Service than we need, whose salaries and pensions will require next year some $12,000,000 of the $24,000,000 that may be left when defence costs have been paid. The political incongruity of being China and yet not China adds further to the cost of administration; and in the economic sphere the method of indirect taxation incidently permitting absentee landlords and shareholders to escape, mulcts the ordinary resident individual for more than his prototype elsewhere has to pay—and for far more, in most cases than his low wage can afford. A beautiful Colony, an important Colony, a more or less interesting Colony to live in, but labouring under the great disability that it is not allowed to exist for its own sake. There is no craven reluctance to being great or being coveted; but how much happier, and less expensive, to be Vancouver or Shanghai!— *The South China Morning Post.*

Germans Create Another "Agadir Incident"— Troops in Morocco

THE French newspapers quite correctly describe the recent landing of several thousand German troops in Spanish Morocco as a "new Agadir" coup. The Agadir incident occurred in 1910, at the moment when Germany was engaged in diplomatic negotiations with France which was about to set up her protectorate over Morocco in conformity with international accords which sanctioned such a move. Emperor Wilhelm II. in an attempt to create difficulties for France, suddenly despatched to the port of Agadir the gunboat *Panther*. The affair brought enormous repercussions, and only narrowly escaped breaking forth into a war at that time.

Pertinax, (well known authoritative French writer on international affairs) in *L'Echo de Paris* recently expressed the reaction not only in France but in the world generally. "The unforgettable affair of the cruiser at Agadir," he wrote "has turned up again only in another form. Germany, in securing a foothold in North Africa, sees useful and rich perspectives opening before her. "The mines in the Riff would be the least profitable from the adventure. The real purpose is to bring about action among the native tribes, a new pressure exercised on France as much in Morocco as in Algeria, thus priming the new colonial division demanded by Dr. Hjalmar Schacht, Governor of the Reichsbank and German Minister of Economy."

French reports of German intentions in Spanish Morocco are described in informed circles in Berlin as being "too absurd to merit an official denial." They are, it is suggested, "merely inventions with the object of alarming public opinion." An exchange of information between the French and British governments on the situation in Morocco has, it is understood, been proceeding for over two months. French anxiety, it is learned, is largely due to German, and, in a lesser degree, Italian propaganda among the natives in both Spanish and French Morocco. In addition to preparations for the arrival of Germans, guns are reported to have been mounted in Ceuta.

Germany end of last week confiscated two Spanish ships which had been arrested as a reprisal for the detention by the Spanish Government authorities of a passenger and part of the cargo of the German vessel *Palos*. The proceeds will probably be handed over to General Francisco Franco, the Nationalist-insurgent leader, as compensation for the cargo taken from the *Palos* and for the payment of an indemnity to the family of the detained passenger, a Spaniard.

Great Britain has proposed a new plan for accelerating negotiations for action in the Spanish conflict. It consists of an ambassadors' conference in which the envoys of France, Germany, Italy, the Soviet Union and Portugal will participate under the chairmanship of Anthony Eden. The proposals and plans approved in this conference will then be submitted to the non-intervention committee. It is emphasized that the extsting non-intervention committee as well as the committee for supervision shall continue to exist in spite of the dissatisfaction expressed in British quarters over the progress made to date. In this connection the Morocco problem is also attracting attention in British Government circles and it is believed that a six-power conference will be convened to deal with this since it concerns the Franco-Spanish Treaty of 1912 in which the status of French and Spanish Morocco is clearly defined.

Tokyo officialdom was astounded by reports from Gibraltar Jan. 11 that Japanese volunteers for Spain, numbering 300 and destined to strengthen General Franco's forces fighting on the Madrid front, were to arrive in Cadiz and Jerez de la Frontera shortly. The Japanese fighters, reportedly, were to be sent to the lines around Madrid together with 10,000 Italian troops which recently landed in Cadiz and now quartered at Seville. Hachiro Arita, Japanese Foreign Minister, immediately instructed Japanese diplomatic representatives in Europe to ascertain the origin of the rumor and to make representations to the Government concerned against the dissemination of such canards. This step was taken in addition to vigorous and categoric denials of the reports by both the Foreign and the War Offices in Tokyo. If may be stated in this connection that Japanese activities in any international upheaval will in all probabdely be confined to Asia.

Further proof of a fact which has during the past several decades been impressed upon the consciousness of diplomats throughout the world was contained in a recent messages from New York which stated that of the five principal participants in the modern period of imperialism dating from 1880, Germany and Italy spent more on their colonies than the entire value of their colonial trade. These statistics were compiled by Grover Clark and published for the Carnegie Endowment for International Peace. The same authority stated that Japan spent much more, and Britain and France slightly more, than they could have derived in profits from their colonial trade. In all German colonies up to 1914 there were less than 20,000 Germans, according to the Clark statistics.

The United States will spend $1,000,000,000 in her entry into the international naval race to cap an unprecedented peace-time defence budget, observers noted in Washington, Jan. 8, after President Roosevelt had called on the nation's taxpayers to provide more ships, guns, airplanes and soldiers. The budget for the 1938 fiscal year estimates that the sums required for strictly military purposes will be $587,302,600 for the Navy and $399,400,400 for the War Department. These sums are in addition to non-military activities of the War Department, calling for $34,828,200 and $143,322,101 for rivers and harbors. These items bring total expenditures for American defence purposes to more than $1,000,000,000.

The situation in Spanish Morocco and the danger inherent in the landing of German troops there held the attention of the entire press in the U. S. during the week. Editorials in Washington newspapers placed responsibility on Germany and Italy. Declaring that "unless Reichsfuhrer Adolf Hitler has lost all his senses, he will go no further," the Washington *News* commented: "If anyone is trying to provoke complications, it is certainly Chancellor Hitler. 'For the past three years, he has trampled upon international treaties. If he has been able to do this with impunity, it was for three reasons: first, because following the treaty of Versailles, there existed great sympathy with regard to the German people; second, because France and England and the other neighbors of the Reich preferred to suffer provocations rather than to reply by force, and third, because these neighbors were not always united.

Italian Budget Closes With Huge Deficits—Abyssinian War Cost Not Included

The Italian Budget for the year 1935-36 closed with a deficit of 1,550,000,000 lire compared with an estimated deficit of 1,657,000,000 lire, according to an official announcement made in Rome last week. The published figures do not include the cost of the Abyssinian war.

Japan's Three Billion Yen Budget Will Be Considered in Diet

In issuing the outlines of the general account of the new budget for the financial year, 1937-38, to the members of both Houses of the Diet, who will consider it when the Diet settles down for regular business on Jan. 21, the Japanese Government says that many important measures must be carried out to help forward national development and promote the security of the national life.

The Government has chosen, as measures of policy to be carried out with special energy in and after the financial year 1937-38, the provision of stronger national defence, the reform and improvement of education, the adjustment of the tax system—national and local—the stabilization of national life, the development of industry and the extension of trade, the establishment of important measures affecting Manchukuo, and the reform and improvement of the administrative machine.

In the compilation of the new budget the Government declares that special efforts have been made to defray as much expenditure as possible for the execution of these measures, while at the same time devising ways and means to increase ordinary revenue in order to place national finance on a secure basis.

The new budget compiled in this way is as follows :—

REVENUE

Ordinary	Yen 2,014,997,000
Extraordinary	1,023,582,000
Total	3,038,581,000

EXPENDITURE

Ordinary	Yen 1,700,910,000
Extraordinary	1,337,671,000
Total	3,038,581,000

The revenue in the new budget compares with that in the current fiscal year (in units of Yen 1,000) as follows :—

ORDINARY REVENUE

	New year	Increases
Taxes	1,420,077	496,775
Stamps revenue	99,061	10,451
Revenue from Gov't. enterprises and State property	342,796	50,391
Communications Ministry's special account	81,000	(same)
From Bank of Japan	13,087	7,672
Miscellaneous revenue	51,478	5,146
Transferred from educational reform and agricultural development funds account	7,495	846
Total	2,014,997	564,938

EXTRAORDINARY REVENUE

Misc. Revenues	149,242	15,065
Special Accounts	71,890	54,390
Loan issues	802,452	98,614
Total	1,023,584	168,069
Grand Total	3,038,581	733,007

Classified according to Departments, the expenditure in the new budget (in units of Yen 1,000,) is as follow :—

ORDINARY EXPENDITURE

Departments :	New year	Increases
Imperial House	4,500	(same)
Foreign	18,255	971
Home	283,322	226,310
Finance	490,782	28,216
War	217,804	26,896
Navy	273,953	37,201
Justice	39,445	2,772
Education	133,421	2,144
Agriculture	44,792	10,680
Commerce	6,766	825
Con munications	185,588	4,074
Overseas	2,277	58
Total	1,700,910	340,178

EXTRAORDINARY EXPENDITURE

Foreign	18,013	3,395
Home	139,770	12,230
Finance	79,845	51,003
War	510,161	192,752
Navy	407,700	92,621
Justice	3,561	840
Education	13,333	1,804
Agriculture	81,731	18,422
Commerce	35,645	22,640
Communications	25,709	10,684
Overseas	22,198	4,951
Total	1,337,671	386,886
Grand Total	3,038,581	727,064

Stocks Soar on Tokyo Market Because of Prospective Huge Budget

Stocks rocketed on the Tokyo Exchange Jan. 11 as bullish sentiment, stimulated by the prospect of an unamended passage of a record Yen 3,038,581,000 budget by the Diet, swept the market.

Huge New Munitions Concern Formed in Japan

A new powerful concern will enter the field of munitions producers in Japan this summer, with the amalgamation of the Hitachi Manufactory, Ltd., capitalized at Yen 45,000,000, with the Yen 15,000,000 Kokusan Kogyo Kaisha. With the merger of the two firms on April 1 or May 1, the capitalization of the new concern, which will retain the name of Hitachi, will be raised to Yen 110,000,000. The Hitachi firm is controlled by the Nippon Sangyo Kaisha, a holding company controlled by Gisuke Ayukawa, brother-in-law of Fusanosuke Kuhara, a leading politician and industrialist. Mr. Kuhara is now awaiting trial on charges of having harbored an officer who took part in the mutiny of Feb. 26.

Cotton Prices Soar in Japan as Trade is Put Under Virtual Control

With Japan's import trade placed under virtual Government control by means of additional restrictions on exchange operations, cotton prices on the Tokyo and Osaka markets jumped sharply Jan. 8. Raw cotton advanced from Yen 1 to Yen 3, while cotton yarn jumped from Yen 5 on futures to Yen 11.20 for January deliveries. With a shortage of American raw cotton foreseen, heavy buying took place forcing a one-hour delay in the opening of the afternoon trading seesion in cotton.

Ministries Agree on Exchange Curb Scheme

Moving to allay the uneasiness of the business world caused by the enforcement of a license system on yen exchange transactions, the Ministries of Finance and of Commerce and Industry Jan. 12 again announced that the measure would not affect the importation of essential raw materials.

Japan's Textile Exports in 1936 Reach Yen 481,000,000

Japan's exports of cotton textiles during 1936 amounted to 2,699,991,823 sq. yds., valued at Yen. 481,642,733, the Tokyo Cotton Yarn and Cloth Exporters' Association revealed Jan. 9. The figures represented a decrease of 11,274,021 yds. in length and Yen 9,815,583 in value in comparison with the preceding year. The fall in exports was attributed by the Association to lower sales in Great Britain, Australia, Egypt and the Netherlands' East Indies.

Cotton textiles valued at Yen 1,995,000 and raw silk appraised at Yen 1,331,000 led the list of outward shipments. Other major exports and their value, in order, were, paper, Yen 187,000; wheat flour, Yen 212,000; refined sugar, Yen 166,000; hats and millinery, Yen 100,000; lumber, Yen 37,000. Raw materials such as cotton, rubber, beans and iron figured prominently among imports.

American Cotton Mission Arrives in Japan

Eleven leading American cotton textile industrialists arrived in Yokohama, Jan. 8 to seek a curtailment in the exports of Nippon-made textiles to the United States. In an interview Dr. Claudius T. Murchison, leader of the mission and President of the American Cotton Textile Institute, expressed his belief that the tension caused by the growth of Nipponese exports to America could be relieved by informal conversations between the producers of the two countries.

Prince Saionji Recovers from Cold and Fever

Fears that the life of Prince Kimmochi Saionji, 88-year-old Elder Statesman, was being endangered by a cold were allayed Jan. 11 as it was learned that the patient's temperature had returned to normal.

Chinese Economist Favors Anti-Japanese Boycott

The action taken by the Tokyo Government to establish control of foreign exchange was described by Hsu Pei-kwan, China's leading economist, as a new weapon for furthering the dumping of Japanese goods in foreign markets. Interviewed by a representative of the *Lih Pao*, Mr. Hsu drew attention to the fact that Japan was suffering from severe economic depression, while the Japanese peasantry were being called upon to bear increasingly heavy burdens. Japan's control of foreign exchange, he said, was worthy of China's close attention, since it would result in a cheapening of Japanese goods and therefore dumping on a greater scale. China's only means of combatting such dumping would be to institute a boycott of Japanese goods.

Japanese Investments in Shanghai Business Go Up 12,600,000 Yuan

New investments by Japanese in Shanghai enterprises during 1936 amounted to 12,600,000 yuan, according to a report received by the Osaka City Office from Shanghai, reports *Domei*. Of the investments, 4,500,000 yuan was for the spinning industry, 1,970,000 yuan for real estate, 1,250,000 yuan for the metal industry, 510,000 yuan for the dyestuff industry, 1,300,000 yuan for other industries, 1,750,000 yuan for cultural enterprises and 1,320,000 yuan for others.

Yang Hu-cheng Defiant Nanking's Reorganization; Red Leaders Dominate Shensi Capital

Fighting is reported to have broken out since Jan. 9 at Weinan between the Government troops under Gen. Feng Chin-tsai and the rebel troops under Gen. Yang Hu-cheng. The Central Government on Jan. 11 served a last warning to Gen. Yang to obey the government's orders, failing which he would be held responsible for any outbreak of hostilities. Meanwhile serious dissension is said to have occurred between Gen. Yang and the ranking commanders of the Northwest army, when Yang attempted to seize command of the Army. As a result of the conflict, Gen. Yang is said to have departed from Sian for Lintung, where he will establish a separate military organization. Gen. Yu Hsueh-chung, leading Northeast Commander and Chairman of Kansu, is stated to have wired War Minister Ho Ying-chin, pledging his loyalty to the Government. The military situation in Sian is extremely confused with arrival of Mao Tse-tung and several other Communist leaders there, and the vanguards of the Reds are said to have reached Sanyuan, only 30 miles from Sian. General Chiang Kai-shek continues to remain in Fenghua, while Gen. Chang Hsueh-liang has gone there to see him. Wang Ching-wei arrived at Shanghai Jan. 14 from a prolonged trip abroad and is also planning to see Gen. Chiang at Fenghua.

1. **Yang and Communist Leaders Are Reported Forming Anti-Japanese Government in Sian.**
2. **War Ministry Announces New Designation of Garrison Posts For Armies in Northwest.**
3. **Alleged Terms of Gen. Chiang's Release Detailed by Sian Organ And "Domei Agency."**
4. **Chang Hsueh-liang Arrives at Fenghua, Still Deprived of Civil Rights.**
5. **Foreign Embassies Take Measures to Evacuate Their Nationals from Shensi.**
6. **Yeh Chu-tsang Takes Exception to "Tendentious" Articles Published in N.C.D.N.**
7. **Kawagoe Instructed to Resume Negotiations with Nanking, Report However Denied.**
8. **Resignation of Foreign Minister Gen. Chang Chun Rumored in Japanese Press.**
9. **Transfer of Li Shou-hsin Irregulars Causes Dissension in Camp of Invaders.**
10. **Wang Denies Seeking for Presidency, Outlines Formula for Adjusting Sino-Japanese Relations.**

Hopes for a peaceful solution of the problems which followed the Sian coup are dimming as reports from Loyang indicate that the defiant military leaders in Shensi and Kansu have allowed the dominance of the political administration in these provinces of communist politicians from the headquarters of Chu Teh and Mao Tse-tung, leaders of the "Red Army" and the "Chinese Soviet Republic," according to a report in *Shanghai Evening Post*. General Ku Chu-tung, director of the Sian Provisional Headquarters of the Military Affairs Commission, and General Wang Shu-chang, newly appointed pacification commissioner of Kansu, sent Jan. 10 a joint telegram to Generals Yang Hu-cheng and Yu Yueh-chung, leaders of the defiant militarists, asking them to comply with the government orders immediately. The telegram is generally construed as an ultimatum to the Shensi and Kansu leaders. While immediate outbreak of major hostilities is unlikely, heavy troop concentration is reported around Sian. After having expanded his forces from two to three divisions, General Yang is now reported to have ordered his forces to take up positions around Sian for fear of a punitive drive by the Central Army. The National Government leaders, however, continued their efforts to seek a peaceful settlement. General Chang Hsueh-liang is also understood to be playing a prominent part in seeking a solution of the issue. He has sent two more delegates to Sian to confer with his former subordinates in the Northeast Army. No replies, however, had been received from the envoys.

Mao Tse-tung
Chinese Red Leader

According to reports received at Nanking, a number of Communist leaders, including Mao Tse-tung and Chow En-lai, are now in Sian, organizing mass meetings and spreading Red propaganda among the populace. Communist posters and handbills are said to be placarded all over the city. Radical elements, including communists, have taken over control in Sian with a "National Salvation" program in which agitation against Japan is featured, according to official statements in Nanking. An American authoress with Communistic sympathies is reported to be active in spreading Red propaganda and forming delegations of students to welcome the Red army outside Sian. She is also reported to be broadcasting in English frequently over the Sian radio.

According to a report in *Shanghai Nippo* Jan. 11, Sian has assumed a decidedly Communistic complexion and is very much like Wuhan of 1927, where there existed for a brief period of a "National Government" jointly organized by the Communists and the Kuomintang. Although there have been no actual combination of the Red Army with the troops commanded by Gen. Yang Hu-cheng, all the leaders of the Red Army are now in Sian. Popular organizations, especially those of the students, are under Communist leadership and hegemony in mass movement is generally in the hands of the Communists. Apart from other political manifestations, a "Salvation Committee" has been organised in the Shensi capital. Anti-Communist elements together with "Tung-pei" politicians have advised Gens. Yang and Yu Hsueh-chung to take measures to suppress the Communists, but the two generals are unable to act freely. They declare that if Nanking fails to open war immediately with Japan and persists in detaining Chang Hsueh-liang, they will attack the Central Government.

In his telegram to Gen. Ho Ying-chin, on Jan. 7, Yang Hu-cheng asserted that he would continue his anti-Japanese attitude and that as long as that policy was not adopted and carried out by the Central Government, he would not abandon his demands. Continuing Yang deemed the measures as had been taken by the Central Government in the changes in governmental personnel and shifting of troops in Shensi and Kansu as being not in conformity with his anti-Japanese stand. Yang also spoke of the indignation on the part of the rank and file of the troops in the two provinces over the detention of Chang Hsueh-liang in Nanking. He declared that as long as the Central Government remained "insincere", he would not strive to uphold its authority. Lieut.-Gen. Sun Wei-ju, the newly appointed chairman of Shensi, had wired Gen. Ho Ying-chin, declining his appointment.

Shanghai Nippo reported Jan. 9 that Mao Tse-tung, chairman of the Chinese Soviet Government, and Chow En-lai, vice-chairman of the Soviet Military Affairs Commission, have arrived in Sian. They are praticipating in the "Anti-Japanese United Military Affairs Commission" organized by Gen. Yang Hu-cheng. A "People's Government" is also being formed in Sian,

A band of 50 Communist emissaries was sent recently to Wuhan, according to a report in *Shanghai Nichi-Nichi*, Jan. 11. Three of the emissaries have been placed under arrest by the Chinese police. Confessions taken from the arrested men show that when Chang Hsueh-liang staged his coup in Sian on Dec. 12, the Red Army command despatched 2,000 special emissaries to all the important cities of China.

Shansi troops are being hastly despatched southward along the Tungpu highway to head off a threatened invasion of Shansi province by the Red Army of Mao Tse-tung, some of whose troops have already reached the banks of the Yellow River, reported *Shanghai Nichi-Nichi* Jan. 10.

S. Kawagoe
Japanese Ambassador to China.
(Asahi Photo)

According to a *Domei* report Jan. 12, Gen. Yen Hsi-shan of Shansi has concentrated a large force in southern border regions of Shansi to prevent a Red attack. He already dispatched there six divisions on Jan. 9.

General Yang Hu-cheng is reported to have issued a proclamation announcing his determination to resist the Nanking forces because he and his colleagues have been "oppressed." He is reported to have also proclaimed himself Governor of Shensi and Garrison Commander of Sian.

According to a *Ta Kung Pao* report, The Northeastern armies of Gen. Chang Hsueh-liang are far from satisfied with the steps taken by the Government to settle the Sian affair. They are demanding withdrawal of all Central Government troops from Shensi and Kansu, immediate fulfillment of the agreement reach in Sian between the Generalissimo and Gen. Chang Hsueh-aling, and the immeditae liberation of the leaders of the National Salvation Association arrested in Shanghai last November. An impressive anti-Nanking demonstration was held in Sian on January 4, and on Jan. 5 a clash was reported to have taken place near Hwahsien between Chang Hsueh-liang's troops and troops of the Central Government.

According to *Shanghai Nichi-Nichi* Jan. 8 the Anti-Red Headquarters in the North-West were formally abolished on Dec. 14 and a Provisional Sian Military Commission for the Anti-Japanese Allied Army had been organized, headed by Yang Hu-cheng. That the Chinese National Government ordered the abolition of the Anti-Red Headquarters in the North-West on the 5th, inst., indicated its ratification of the former decision, which was laid down by the Sian mutineers.

WAR MINISTRY ANNOUNCES NEW DESIGNATION OF GARRISON POSTS FOR ARMIES IN NORTHWEST

Measures for the rehabilitation of military affairs in the North western provinces have been announced by the Ministry of War, including the designation of garrison posts for the different armies-Gen. Ku Chu-tung, who has been appointed by the Executive Yuan as Director of the Generalissimo's Provisional Headquarters in Sian, is entrusted with the power to supervise military affairs in the four provinces of Shensi, Kansu, Chinghai and Ninghsia. The Ministry of War confirmed the appointment, as decided upon by the Executive Yuan, of Gen. Wang Shu-chang, Vice-President of the Military Advisory Council, as Pacification Commissioner for Kansu to succeed Gen. Chu Shao-liang, who was one of the captives during the Sian revolt. Lieut.-Gen. Feng Chin-tsai, Commander of the 42nd Division and a former subordinate of Chang Hsueh-liang, who refused to take part in the Sian revolt, was made Field Commander of the 27th Route. Gen. Feng's troops, according to the War Ministry orders, will retain their garrison posts in Tali, Pucheng, Paisui, Chengcheng, Hsienyang, Hancheng and Yichuen in the northeastern part of Shensi adjoining Shansi. As to other garrison areas, the War Ministry designate the troops under Lieut.-Gens. Wang Yao-huang, one of the captives in Sian during the revolt, Mao Ping-wen, Fan Sung-pu, Tseng Wan-chung, all army commanders of the Central Army, to take up garrison duties along the Lunghai Railway. Their line includes Sian, Tungkwan, Chaoyi, Weinan, Hsienyang, Paochi, and the Tiensui area in eastern Kansu. The various brigades and regiments under the 17th Route, which originally were stationed nera Sian, were shifted to districts to the north of Sian, including Chengning, Tunhua, Yaohsien, Chienhsin, Linyu, Yunghsou, Lingtai, Ninghsien, Changwu, and Fenhsien. The troops of the 17th Division under Lieut.-Gen. Sun Wei-ju, who was appointed Chairman of the Shensi Provincial Government to succeed Shao Li-tse, were transferred to garrison areas in mid-northern Shansi, including Kanchuan, Luhsien, Chungpu and Yi-chun. The troops under Chang Hsueh-liang, namely the 51st, 57th, and 67th Armies, and 105th, 109th, 112th, 115th and 120th Divisions, were ordered to return to their original garrison posts as prior to Dec. 1.

Through their three delegates, who arrived at Loyang Jan. 9 from Sian, commanders of the former Northeastern Army in Shensi formally asked the commanders of the Central Government troops along the Lunghai Railway to postpone their advance into Shensi. The request was conveyed to Gen. Ku Chu-tung, the newly appointed Director of the Generalissimo's Provisional Headquarters in Sian, and Gen. Liu Shih, Pacification Commissioner for Anhwei and Honan.

Many provincial chairmen and military commanders have sent telegrams to Gens. Yang Hu-cheng and Yu Hsueh-chung, urging them to abide by the Central Government orders regarding rehabilitation measures for Shensi and Kansu porvinces, according to messages received from various parts of the country. The telegrams unanimously emphasized the point that the two Shensi and Kansu military leaders should take the opportunity of the magnanimous spirit of the National Government toward their revolt to redeem themselves by rendering useful service to the nation. Among those who sent wires were: Gens. Yen Hsi-shan, Han Fu-chu, Sung Cheh-yuan, Ho Cheng-chun, Liu Hsiang, Yu Han-mou, Li Tsung-jen, Pai Chung-hsi, Chen Yi, Ho Chien, Liu Ju-ming and Ma Pu-fang of Chinghai.

ALLEGED TERMS OF CHIANG RELEASE DETAILED BY SIAN ORGAN AND "DOMEI AGENCY"

The *Shanghai Evening Post* reported Jan. 8 that the existence of terms of the release of General Chiang Kai-shek on Dec. 25 after a two-week captivity in Sian is claimed by the *Emancipation Daily News* of Sian and the Japanese *Domei Agency*.

According to Dec. 27 issue of the *Emancipation Daily News* the terms for General Chiang's release from Sian were:

1. That the Central forces in Shensi west of Tungkuan be withdrawn as from December 25 and General Chiang should be held responsible for hostilities after that day.

2. That all civil strife be stopped in order that the national strength may be mobilized and turned against foreign aggressors.

3. That the National Government be reorganized and men of ability of various factions and those who advocate resistance against Japanese aggression be included.

4. That the foreign policy be revised in order that close relations or alliances may be arranged with countries sympathetic to China's cause.

5. That the leaders of the National Salvation Association be released immediately.

6. That the military and political administration in the Northwest be put under the control of Generals Chang Hsueh-liang and Yang Hu-cheng.

The second set of alleged compromise terms is reported by the *Domei Agency* from Tokyo. The terms, the reports asserted, were drawn up by Mme. Sun Yat-sen, widow of Dr. Sun, and their fulfilment is guaranteed by T. V. Soong, Mme. Chiang Kai-shek W. H. Donald, British adviser to General Chiang Kai-shek; and James Elder, adviser to the "Young Marshal."

The terms included:

1. Release of the Generalissimo from his captivity in Sian and guarantees for the safety of General Chang Hsueh-liang.

2. General Chiang's approval of the rebels' proposal for resistance to Japan which would be carried out with the completion of all necessary preparations, including rapprochement with Great Britain, France, Soviet Russia and the United States.

3. Suspension of punitive operations against Communists, although open co-operation with the Reds would not be effected;

4. The Nanking Government is to advance $10,000,000 to the "Young Marshal" and General Yang Hu-chen, another leader of the mutinous troops, to cover the military expenses.

5. A reorganization of the Nanking Government and dismissal of all pro-Japanese officials from posts of responsibility.

6. Release of the six leaders of the popular front recently arrested in Shanghai, and now awaiting trial in Soochow.

7. Maintenance of secrecy regarding the entries made in his diary by General Chiang during his enforced stay in Sian;

8. Restoration of the status quo ante-incident in Sian and the withdrawal of all disciplinary and punitive measures against the "Young Marshal."

Chinese official circles, however, emphatically denied the existence of the reported compromise terms, claiming that General Chang had released General Chiang and escorted the latter to Loyang and Nanking because of his sincere repentance.

CHANG HSUEH-LIANG ARRIVES AT FENGHUA, STILL DEPRIVED OF CIVIL RIGHTS

Chang Hsueh-liang, leader of the Sian revolt, who had been residing in Nanking, left the Capital for Fenghua by air Jan. 13 and arrived there in the afternoon of the same day. Chang is understood to have gone to Fenghua on summons from General Chiang Kai-shek to discuss with him plans for the liquidation of the present confused situation in Shensi.

Although Chang Hsueh-liang has been pardoned by the National Government from his ten-year imprisonment term, he is still subject to the deprivation of civil rights for five years. This op nion was expressed Jan. 8 by a number of legal experts whocited Article 37 in the Criminal Code which provides that deprivation of civil rights begins when his prison term ends or from the day when a pardon is granted to him. In order to regain his temporarily lost civil rights, it is maintained that Chang Hsueh-liang will have to obtain another pardon in accordance with the Provisional Constitution of 1931.

Recent foreign press reports that Wang Ching-wei had made arrangements with German munition mnaufacturers for the supply of arms to China during his recent visit in Germany were emphatically denied by Sun Fo, President of the Legislative Yuan in Shanghai Jan. 10. Referring to the situation in Shensi and Kansu, Mr. Sun said that conditions there have returned to normal and that measures are being carried out for the rehabilitation of the two provinces. General Chiang Kai-shek, according to Mr. Sun, will return to Nanking from Fenghua, either at the end of this month or early next month to cancel his leave of absence.

Gen. Pai Chung-hsi, the Kwangsi leader, has decided to go to Fenghua by plane before the opening of the Third Plenary Session on Feb. 15, to call on Gen. Chiang Kai-shek, reported *Ta Kung Pao* Jan. 12.

Shao Li-tzu, retired Chairman of Shensi, and Chang Chi, member of the Central Supervisory Committee, arrived at Chikow, Fenghua, Jan. 4 to see General Chiang Kai-shek, President of the Military Affairs Commission. They returned to the Capital by airplane in the afternoon. Dr. Wang Chung-hui, former Judge of the International Court at the Hague, and Dr. Wei Tao-ming, former Mayor of Nanking, also visited the Generalissimo Jan. 5.

The memorable address given by Generalissimo Chiang Kai-shek to Chang Hsueh-liang and Yang Hu-cheng prior to his departure from Sian should be included in reading assignments for all middle schools in Kiangsu, according to an order issued by the Kiangsu Educational Department Jan. 6.

FOREIGN EMBASSIES PLAN EVACUATION OF THEIR NATIONALS FROM SIAN

Foreign Powers represented in China are keeping a watchful eye on developments in Sianfu and Shensi province generally with the object of evacuating their nationals if conditions warrant such action. Officials of Great Britain, the United States and Germany have left for Loyang while Captain Ronald Scott, Assistant British Military Attache, is already in Sian. They plan to crray out the evacuation by motor buses, as traffic on the Lunghai Railway has not been restored.

Three Germans, the first foreigners to evacuate from Sianfu, arrived at Nanking Jan. 11 in a Junkers airplane that had been detained in the Shensi capital since the outbreak of Chang Hsueh-liang's revolt on Dec. 12. They were Herr and Frau Rayet and Fraulein Walsemann. The three Germans were reluctant to talk about conditions there. All foreigners in the Shensi capital are understood to be safe, but their position is difficult as the city is now definitely under the control of Red elements.

The American Embassy in Nanking has received a note from the Shensi Provincial Government stating that the Chinese authorities will maintain strict peace and order in and around Sian and that every precaution will be taken to protect the lives and property of Americans residing in Shensi.

Col. Ma Chih-chao, Director of the Police Bureau in Sian who was reported to have been brutally slain by the rebels during the outbreak of the mutiny, is still alive. He arrived at Nanking Jan. 7 to report to the Central authorities on the recent revolt.

Indicative of the determination of the Central authorities to exterminate the Communist bandits in the Northwest despite the recent Sian incident, Government troops are now taking an enveloping position against the remnant reds at Shantan and Yungchang on the Kansu-Chinghai border. The 30,000 red-bandits, who recently crossed the Yellow River in Kansu, have been considerably reduced following repeated reverses they suffered at the hands of the Government troops, *Central News* reported.

The Military Affairs Commission has issued orders to General Liu Chien-shu, Commander of bandit-suppression forces in Anhwei, Kiangsi, Chekiang and Fukien, and General Yu Han-mou, Pacification Commissioner for Kwangtung, instructing that remnant bandits in these provinces be exterminated at an early date.

YEH CHU-TSANG OBJECTS "TENDENTIOUS" ARTICLES PUBLISHED IN "N.C.D.N."

Interviewed Jan. 10, Yen Chu-tsang, Secretary-General of the Kuomintang C.E.C., commented on a series of special articles published in the *North China Daily News* in connextion with the Sian rebellion, taking strong objection to the groundless criticisms and malicious conjectures defamatory to the Central authorities. Mr. Yeh referred especially to an article published on Dec. 28 under the caption of "Inside Story of Sian Coup Disclosed," and that published on January 6 under the heading "Nanking Clique used Sian Coup to Grip Power," His statement in part reads:

"The forcible detention of our leader at Sian threw the entire nation into a state of intense suspense and anxiety. The Central Government was faced with the duty of rescuing the Generalissimo on the one hand and with that of upholding law and order of the country on the other. After careful consideration they concluded that their two-fold duty could hardly be expected to be carried out in a better way than by taking swift and stern measures to deal with the situation and by ordering a punitive expedition against the rebels. Furthermore, to parley with the rebels would not only mean putting a premium on military rebellion but also cause them to intensify their demands and lead to protracted negotiations and unexpected developments. Hence the Central Political Council unanimously decided upon the despatch of a punitive expedition. Nevertheless the Government was in no way opposed to any individual or individuals undertaking in private capacity efforts to effect the rescue of the Generalissimo. It is indeed incredible to form such preposterous notions that the punitive expedition had been ordered out of evil motives or that any "clique" in Nanking had made an attempt to seize power in the absence of Gen. Chiang Kai-shek. Under the leadership of Gen. Chiang Kai-shek the National Government have in the past year shown remarkable solidarity in their task of grappling with the national crisis. Its strength has never been weakened by the existence of so-called cliques. The Sian outbreak afforded an occasion for the manifestation of increased solidarity within the Government and also won for the Government much sympathy from all sections of the public, including those who were formerly critical of the Central authorites. These are all well known facts which could not be obscured by wild conjectures or ingeneous insinuations. It has been alleged that a heavy snowstorm prevented the punitive forces from carrying out their aerial attack on Sian and that inclement weather was possibly an important factor in saving the life of Gen. Chiang Kai-shek. But the truth is that the weather conditions had nothing to do with the "upset" of the Government's plans. The intended bombardment of Sian was deliberately postponed twice, first in accordance with the instructions of the Generalissimo and then upon the telegraphic request of T. V. Soong from Sian. While we are deeply convinced that the happy return of the Generalissimo was primarily due to the influnece of his high morality, the military pressure brought to bear upon the rebels was also one of the important factors which speedily brought the rebels to their better senses. The measures taken by the Government were later approved by the Generalissimo." In conclusion Mr. Yeh deplored the fact that the paper whose standard of reporting has been of high order should have become a medium through which so many inaccurate reports relating to the Sian rebellion were circulated.

KAWAGOE INSTRUCTED TO RESUME NEGOTIATIONS, REPORT HOWEVER GIVEN DENIAL

Hachiro Arita, Japanese Foreign Minister, has sent instructions to S. Kawagoe, the Japanese Ambassador to China, and Y. Suma Japanese Consul-General in Nanking, to urge that the Sino-Japnaese negotiations be resumed before the opening on January 21 of the Imperial Diet session, according to a report in the *Yomiuri Shimbun* Jan. 7. The journal says that among the questions to be taken up again are:—

Employment of Japanese advisers by the Chinese Government;
Effective control over Korean malcontents in China;
Reduction of the Chinese customs tariff.

Other issues, such as Sino-Japanese co-operation against the communists, air traffic between China and Japan and economic co-operation in North China will be negotiated, the *Yomiuri* adds on the basis of the memorandum presented to General Chang Chun, the Chinese Minister for Foreign Affairs on December 3.

Interviewed by press representatives Jan. 7 a spokesman of the Gaimusho declared that there was no truth in current reports that Mr. Kawagoe had received instructions from Tokyo to resume negotiations with Nanking.

Japan will continue t maintain a "wait and see" policy regarding China in view of the difficulty to confirm reports of a compromise agreement between Chang Hsueh-liang and the Nanking Government, a spokesman for the Gaimusho told correspondents Jan. 8. "If the reported compromise is true, it is serious," he remarked. Turning to the question of Sino-Japanese negotiations for the readjustment of their relations, the spokesman said that the pourparlers were "still continuing as technically they have not been broken off."

According to a spokesman of the Japanese Embassy in Shanghai, Mr. Kawagoe will not proceed to Nanking to renew his negotiations with General Chang Chun at present. The spokesman further confirmed that Mr. Kawagoe will return to Japan shortly.

RESIGNATION OF FOREIGN MINISTER CHANG CHUN RUMORED IN JAPANESE PAPERS

Ta Kung Pao reported Jan. 8 that General Chang Chun, Minister of Foreign Affairs, is now be suffering from serious nose trouble. He has been advised not to resume his work in Nanking, until his trouble has been completely cured.

In order to appease the North-West Army, the National Government have put into effect a part of the demands of Chang Hsueh-liang, decided to carry out in the near future the other demand that a part of the pro-Japanese leaders of the Government should tender their resignation, reported *Shanghai Mainichi* Jan. 9. The first target of attack by the pro-European-American Bloc is Foreign Minister Chang Chun, who is considered the "strong man" of the Cheng Hsueh Hui (Political Science Club) and also the sponsor of the policy of the readjustment of Sino-Japanese relations. On the other hand, the Shanghai financial circles have also decided to request the Government for the change of the Foreign Minister, on the ground that Minister Chang has failed to bring about the satisfactory readjustment of Sino-Japanese relations. Attacked by the two sides, Minister is likely to resign his post after the 3rd Plenary Session of the C.E.C. on Feb. 12.

As regards who will be the successor to General Chiang Kai-shek as President of the Executive Yuan, the Central Kuomintang authorities are still pondering "pro and con" as to whether or not Wang Ching-wei, Chairman of the Central Political Council, should assume this post. However, T. V. Soong, mediator of the Sian trouble, is also not very hopeful in this connection.

Dr. Wang Chung-hui, member of the C.E.C. and former judge of the International Court of Justice at The Hague, is being favored for the presidency of the Executive Yuan, expected to be rendered vacant by the resignation a of Gen. Chiang Kai-shek, according to a report in *Shanghai Mianichi* Jan. 12. Dr. Wang is understood to be on good terms with all political circles in China, and, in addition, to enjoy the support of T. V. Soong, head of the National Economic Council.

KAWAGOE PAYS TRIBUTE TO CHINA'S PROGRESS, VIEWS PRESENT JUNCTURE AS MEIJI RENAISSANCE

"China's rapid strides towards the goal of a truly modern state may be evidenced by her efforts at economic reconstruction of the country, and the whole-hearted support of the Chinese people to their Government." declared Ambassador Kawagoe in a special interview with a Nanking correspondent of the *Tokyo Asbai* Jan. 5. Mr. Kawagoe paid a great tribute to the "really commendable spirit" of the entire Chinese nation, including the officialdom, the soldiery and the common mass, in their one effort at revitalizing the country, He quoted somebody as saying that China at her present juncture may well be likened to Japan during the Meiji renaissance. Referring to Sino-Japanese relations, Mr. Kawagoe said the stalemate in the pourparlers in Nanking in fraught with dangerous possibilities. He expected, however, that negotiations between the two

countries may be resumed very soon at a convenient date. The Japanese Ambassador during the interview also expressed his gratification at the prompt liquidation of the Sian revolt.

Current reports that the Japanese Embassy will be removed from Peiping to Nanking were denied by a spokesman of the Shanghai office of the Japanese Embassy Jan. 7.

SUMA GIVEN PROMOTION AS COUNSELLOR OF JAPANESE EMBASSY IN WASHINGTON

Yakichiro Suma, Japanese Consul-General in Nanking, has been promoted to the post of counsellor of the Japanese Embassy in Washington. While the date of his departure has not yet been set, Mr. Suma will end an unbroken ten-year term of service in China when he leaves for Japan. Mr. Suma formally notified Kao Tsung-wu, Director of the Asiatic Affairs Department of the Waichiaopu of his diplomatic transfer . He left for Shanghai by train Dec. 11 and will return to the capital in the morning of Jan. 15. A. Tajiri, first secretary, is rumored as the possible successor of Mr. Suma.

Because of the prevailing anti-Nipponese sentiment in China "it is hopeless to expect that Sino-Japnaese co-operation can be realized in haste," Kaname Wakasugi, retiring councillor of the Japanese Embassy in China, told reporters at Kobe Jan. 11, when he arrived from Shanghai. "At this critical time, all Japan can do is calmly to pursue a China policy suited to the circumstances," he said.

Up to end of last week, no reply had yet been received by the Ministry of Foreign Affairs from the Japanese Embassy to the Chinese protest over the illegal flight of a Japanese army plane over Tsingtao on Jan. 2. The Japanese plane, No. 140, according to the protest, dropped five-colored flags and handbills couched in the most misleading language.

Illegal flights of Japanese army planes are reported to have occurred in Shihchiachwang and Tsangchow, in southern Hopei along respectively the Peiping-Hankow and Tientsin-Pukow Railways. Handbills, issued by the bogus East Hopei Autonomous Regime under Yin Ju-keng, were dropped over the two cities. The Hopei Chahar Political Council is prepared to file a protest with Japanese authorities over the incidents.

Current problems relating to Hopei and Chahar will likely be brought up between Gen. Sung Cheh-yuan, chairman of the Hopei-Chahar Political Council, and Japanese military authorities in Tientsin. Gen. Sung is arriving at Tientsin from Peiping in a few days. Chen Chung-fu, chairman of the Foreign Relations Committee of the Hopei-Chahar Political Council, has resigned his post, Gen. Chia Teh-yao has been appointed his successor.

Another attack on customs preventive agents by ronins occurred at Hsiyingmen on Jan. 7, according to *Central News*. The attack took place when the customs officers, one of whom was a foreigner, stopped several trucks leaded with smuggled linen and sugar. The goods as well as the smugglers were later taken over to the customs house. Meanwhile, smuggling between Tientsin and the surrounding towns continues unabated and even illicit salt it now flooding the suburban districts of the city which is inflicting considerable losess to the Changlu Salt Administration. One Korean was caught yesterday as he was transporting 2,000 catties of the illicit salt.

The first military review of the year was held by Lieut.-Gen. K. Tashiro, Commander of the Japanese Garrison in North China at the Tungchute airdrome in Tientsin Jan. 8, when he inspected more than 1,000 Japanese troops. Three hundred and sixty Japanese troops left Tientsin for Tungchow Jan. 9 to participate in a review, returning to the city the same afternoon.

Owing to the divergence of opinions of the Chinese and Japanese parties concerned, no decision on the renewal of the purchasing contract of Changlu salt has yet been reached. Representatives of the Changlu salt merchants urged that the salt price be raised to $3 per ton as against the former price of $2.40, while the Japanese party, represented by the Chunghsin Company, has agreed to offer only $2.10. The Japanese party asked that from 200,000 to 250,000 tons of salt be exported to Japan during the current year but the Changlu representatives promised only 100,000 tons, subject to increase.

Expansion of the bogus East Hopei regime is expected to be completed before the Chinese New Year on February 11. The government will have eight departments and two special sections. On the day of reorganization and expansion, the bogus regime will issue an anti-Communist manifesto, according to *Sin Wan Pao*.

JAPAN PLANS EMIGRATION OF 6,000 FAMILIES TO MANCHURIA IN 1937

Six-thousand Japanese families will leave Japan this year to settle in the fertile border regions of "Manchukuo", Hidejiro Nagata, Minister of Overseas Affairs, revealed Jan. 9, according to *Domei*. Mr. Nagata's plans provide for the migration of 15,000 households next year; 21,000 households in 1939; 28,000 households in 1940 and more than 30,000 households in 1941. In preparation for the fourthcoming rush, the Ministry's branch office in Changchun has already been expanded, as was the Overseas Bureau of the Ministry.

REPORTS CONFLICT ON LATEST DEVELOPMENTS IN SUIYUAN SITUATION

The Suiyuan situation will take a turn for the better with military reports reaching Kweihua from the front to the effect that "certain quarters" have temporarily dropped their designs on Suiyuan. Instead, these dispatches state, they will consolidate the strength of the invading forces in northern Chahar, which fact is being borne out by the continuous arrival from Jehol of reinforcements in the six northern Chahar districts, and by the erection of permanent defenses there. Belief is gaining ground that there will be a prolonged suspension of military operations on the front, in view of the wintry weather, and unless orders for renewed attacks on the Chinese lines come from higher military command, the lull will likely be continued.

With the eastern and northern fronts in Suiyuan quiet and the Chinese lines strongly reinforced, the "Irregulars" have now shifted their activities to northern Chahar where feverish military preparations are under way, according to a *Central News* dispatch Jan. 7. Large bodies of "Irregulars" under Li Shou-hsin and Wu Ku-ting are now concentrating at Dolonor, Liushukou, Suchwangtai and Pingting while Wang Ying's forces are still at Shangtu waiting for further reinforcements from "Manchukuo."

In an effort to bring the so-called Manchurian and Mongolian policy to an early consummation, "certain quarters" are trying their best to coax Prince Teh to rally his followers to once again invade Suiyuan. An enticing bait, including a large sum of money, and huge quantities of arms and ammunitions, has been offered to Prince Teh by "certain quarters," *Central News* reported.

Gen. Fu Tso-yi, chairman of Suiyuan, left Kweihwa Jan. 10 for Pingtichuan to confer with Gen. Tang En-pai, commander of the Thirteenth Army, reported *Domei* Jan. 11. This move was motivated by increasing signs of military activity among Mongols presaging a possible renewal of operations against Suiyuan.

TRANSFER OF LI SHOU-HSIN IRREGULARS CAUSES SERIOUS DISSENSION IN CAMP OF INVADERS

The controversy over the transfer of the "Irregulars" under Li Shou-hsin from Shangtu to Dolonor is causing a serious dissension among the high commanders of the invaders. Although the order for Li's transfer was issued in the name of Prince Teh, "certain quarters" are said to have been pulling the strings behind the curtains and are insisting on Li's departure from the front line because further defection is reported to be brewing among his followers. Two regiments under Li attempted to hold a demonstration Jan. 8 against the transfer but their plan was nipped in the bud by "certain quarters."

To replace his lost men, Prince Teh has ordered every banner in the Silingol League to draft all able-bodied Mongols between eighteen and fifty for his army. The draft order also applies to Mongol Lamas who were ordinarily exempt from military service.

Two hundred Mongol calvary troops, who recently mutinied in western Chahar, have been slaughtered by the "Irregulars" under Li Shou-hsin, according to a military report received at Kweihua Jan. 6. Following the execution of the mutineers, the "Irregulars" set fire to the village and killed many innocent villagers.

A large tripod was presented to General Fu Tso-i, Chairman of Suiyuan. Jan. 8 in recognition of his meritorious services in defending Suiyuan province against the invasion of the "Manchukuo" and Mongolian bandits and the victories over the invaders in eastern and northern Suiyuan. Bannesr of Honor were also presented to Lieut.-General Chao Cheng-shou, Commander of the 13th Army.

WANG DENIES SEEKING PRESIDENCY, OUTLINES FORMULA FOR ADJUSTING SINO-JAPANESE RELATIONS

Wang Ching-wei, chairman of the Central Political Council. was accorded a warm welcome by a group of over a hundred friends and representatives of high government officials, upon his arrival at Hongkong Jan. 12 from Europe aboard the *Potsdam*. He left by the same vessel at 5 p.m. the same day for Shanghai where he is due to arrive shortly after noon on Jan. 14. After a brief stay in the port he will return to Nanking. Mr. Wang was accompanied by Madame Wang, who met him at Singapore and Tseng Chung-ming, former Vice-Minister of Railways and Madame Tseng who went to Europe with the former Executive Yuan President. Those who greeted Mr. Wang on the *Potsdam* at Hongkong included Gen. Lo Cho-ying, representing Gen. Chiang Kai-shek, President of the Exceutive Yuan, Shao Li-tse, Chow Fo-hai and Chou Chi-kang, official representatives of the National Governmetn, Dr. Phliip Tyau, foreign affairs inspector for Kwangtung and Kwangsi, Miss Hu Mu-lan, daughter of the late Hu Han-min, and delegates from the Kwangtung provincial government and Kwangtung Kuomintang headquarters.

Interviewed by Chinese and foreign pressmen aboard the *Potsdam*, Mr. Wang declared that he went abroad last year to recuperate his health and that he was now returning owing to the crisis. Turning to the Sian affair, Mr. Wang stated that Gen. Yang Hu-cheng should obey the instructions of the Central Gevernment in liquidating the Shensi trouble. Mr. Wang expressed the opinion that all countries should work for peace. Questioned on the Sino-Japanese problem, Mr. Wang explained that he had made clear his his attitude at the Second Plenary Session of the Kuomintang. China is prepared to made sacrifices, and when that time comes she will not be afraid, Mr.

(*Continued on page* 249)

Japanese Spies in Honan Province —Papers Seized

A raid by police units despatched by the Special Administrative Commissioner's Office for the 1st Area of Honan, resulted in the arrest at Chengchow, Jan. 5 of three Japanese ronins—Yamaguchi, Tanaka and Shiga—who were engaged in espionage work at Chengchow, central Honan. More than 100 important secret documents were seized despite armed resistance by the ronins with their pistols. Accompanied by a deputy of the Japanese Embassy, Mr. Sasaki, Japanese Consul at Chengchow, called on and apologized to Yuan Fan-chai, the Special Administrative Commissioner. At the request of the Japanese officials, the three ronins were turned over to them and ordered to leave the city immediately.

Chao Lung-tien and the three Japanese agents were held in the office of Special Administrator Yuan, a photograph of them having already been taken to be filed in archives as proof.

In a confession Chao said that he was employed by the Japanese last September at the monthly salary of $40, and his special duty was to go to the various cities in Honan and Shensi to spy on military movements of the Chinese army. The plans of the Japanese agents, Chao was reported to have further said, included the enlisting of over 1,000 bandits in western Honan, who were entrusted with the job of disrupting railway communication and holding up trains.

The secret documents deal with their activities in the recruiting of bandits, disruption of communications, instigation of uprisings and trafficking in narcotics.

To instigate an autonomous movement in the various districts in Honan to the north of the Yellow River was to be part of the work of the Japanese secret organ raided in Chengchow Jan. 5, certain of the seized documents revealed. Other activities and plots on the program of the secret organ, operated by Shishimi, Yamaguchi and Tanaka, according to the documents, included: Printing of reactionary slogans and propaganda literature for the purpose of misleading the populace; espionage of Chinese military affairs, including the collection of documents and maps; organization of special wireless corps to intercept Chinese messages; enlisting of bandits and supplying them with arms and munitions, with the purpose of creating disturbances to public peace and order.

Photostatic copies of the secret documents seized recently by the Chinese authorities in a secret Japanese office in Chengchow have been sent to the Japanese authorities to prove the crime of the three arrested Japanese.

Information leading to the raid was supplied by Chao Lung-tien, a Chinese employed by the Japanese agents with remuneration of $40 a month, after he had been arrested by police on the night of Jan. 4. The three Japanese operators of the secret organ, were burning piles of secret documents when Chinese police descended upon their premises. They made an unsuccessful attempt to resist by arms. Certain important documents, which it was explained would throw further light on the nature of the activities of the Japanese agents, were salvaged from the heap of unburned papers.

Two Japanese officials, Mr. Shiade of the Japanese Consulate-General in Tientsin, and the Chancellor of the Japanese Embassy in Nanking, arrived in Chengchow Jan 9 to investigate the case.

Meanwhile, the Waichiaopu has telegraphically instructed the Special Administrator's office of the First District in Chengchow, under whose jurisdiction the raid was carried out, to immediately send to Nanking all evidence collected and duplicates of the secret documents seized during the raid.

Japanese Organize More "Special Service Department" Offices in North China

The *Sin Wen Pao* Jan. 11 stated that large numbers of Japanese Special Service Department (super-spy) offices have been organized in North China. Some of these offices are responsible to the Japanese Garrison in North China, some to the Japanese Kwantung Army in Manchuria and still others to the Japanese naval authorities. The Japanese Garrison in North China has special service department offices in Peiping, Tungchow, Tsinan, Tsingtao, Taiyuan, Suiyuan, Kalgan, and Tientsin. These responsible to the Japanese Kwantung Army in Manchuria have been established in Tungchow, Peiping, Shanhaikwan, Tientsin, Chiapushih, Changpei, Dolonor, Pinpingliang, Ke-Chi-Lar banner, Tsinghai while these responsible to the naval authorities have been established at Tientsin, Tsingtao and Peiping.

It is reported that the Japanese Special Service Department offices are expanding their activities in their respective districts.

Caustic Comments by "China Evening News"

Commenting on the secret plots of Japanese subjects, including the recent Chengchow affair, the flights of Japanese planes, the dropping of handbills detrimental to China, and the demonstrations of Japanese warships at Tachang, the *China Evening News*, in an editorial wrote:—"The entire nation will support the Government in its protests to the Japanese with regard to these plots. We hope that all the secret documents seized in Chengchow will be published, so as to make public the character of the secret plotting and its aims. The publication of these secret documents will serve to inform the world what the special service departments of Japan are doing in China. Meanwhile, we hope that the friendly neighbor will restrict the actions of her military officers and subjects in China. It is far better to do things in the open than to plot secretly. All these plots hinder the readjustment of relations between the two countries."

Japanese Planes Drop Handbills in North China

Japanese planes flew over Shihchiachuan and Tsanghsien during several days early this week dropping large quantities of handbills, the contents of which as describer in a Paoting telegram to *Lib Pao* Jan. 9, as detrimental to China, since they indicate support of the bogus East Hopei regime. Great attention is being paid by the Chinese authorities to this action of the Japanese and it is reported that the Hopei-Chahar Political Council will lodge a protest with the Japanese authorities.

Malicious Plot by Japanese in North

A Tientsin message to the *Shun Pao* Jan. 10 stated that preparations are now being pushed by the Japanese special organ in Tientsin for the augmentation of the so-called Red-Defense puppet regime in Eastern Hopei. With financial assistance from Eastern Hopei, notorious traitors, such as Chen Kuo-sui, Yang Yung-tsai and Chao Wentsin have started to hire a number of ronins to disrupt communications in North China. Those who effect the destruction of one kilometer of railway track will be awarded $5,000, it is said. The disruption of traffic is aimed at the shifting of the blame to the Communists, thereby legalizing the augmentation of the Red-Defense regime in Eastern Hopei. The chief of the special organ, in company with these traitors, departed for Changchun Jan. 8 where they will discuss the matter with the Kwantung Army.

Japanese Threat in the North

An unprecedented large-scale parade was staged by both the Japanese garrisons in Tientsin and Peiping, Jan. 8. Japanese civilian corps also participated in the parade. The parade was supervised by General Tashiro, Commander of the Japanese Garrisons in North China, and participated in by not less than 6,000 men in Tientsin and Peiping.

Foreigners in Kansu and Shensi to Withdraw

In view of the tension in Shensi and Kansu, the British, American, French and Belgian Embassies have decided to warn their respective nationals in the above-mentioned areas to withdraw. There are at present 148 American and British residents in the Provinces of Kansu and Shensi.

Thirteen Japanese at present are living in Chengchow, according to a survey completed Jan. 17. Several of them are connected with the Japanese Consulate, including Mr. Sasaki, the consul.

Japanese See Britain and U.S. "Plotting" Co-Operation with New Regime in China

The *Tokyo Jiji*, Dec. 24, stated that while the negotiations between the National Government and Marshal Chang Hsueh-liang for a compromise are progressing with great difficulty owing to the complexity of internal relations, British Ambassador Knatchbull-Hugessen, American Ambassador, Nelson T. Johnson and others gathered in Nanking and began activities, the purpose of which is giving rise to much speculation in Tokyo. It was gathered (by the Shanghai correspondent of the *Jiji*) that both the British and American Ambassadors were "plotting" to lead the new regime in China after the downfall of the Chiang Kai-shek dictatorship towards one composed of the pro-European and pro-American factions of the Nanking Government.

Tientsin to Have New Power Plant

The Sino-Japanese Electricity Corporation has decided to set up a power plant in the First Specia District in Tientsin. Two 15,000 horse power dynamos have been ordered from Japan at a total cost of $1,200,000.

U. S. Woman Communist Active in Sian

Radical elements, including communists, have taken over control in Sianfu with a "National Salvation" program in which agitation against Japan is featured, according to official statements issued in Nanking.

Miss Agnes Smedley, an American writer of decided radicalist sympathies and author of "China's Red Army Marches," is reported to be most active in the spreading of Red propaganda and the forming of delegations by Sian students to welcome the Red army outside Sianfu. Miss Smedley, who is alleged to have been present at the time of the recent revolt, is also reported to be broadcasting in English frequently over the Sianfu radio. The city is now under the control of the "National Salvation Committee," an organization in which there are communists.

Hostilities were expected to break out at any moment in Shensi as a result of the continued defiant attitude of the forces of Chang Hsueh-liang and General Yang Hu-chen, which oppose the reorganization of the Shensi provincial government and the military administration in the North-west necessitated by the recent mutiny.

Meanwhile, despite the reported new policy of the Chinese communists not to harm foreigners, with the exception of Japanese, the foreign Embassies are very much concerned over the safety of their nationals. It is held inevitable that a severe aerial bombardment will take place should hostilities begin.

Quo Tai-chi Says China Is Learning to Be Politically National

Friends of China rejoiced with the Chinese people that the solution of the recent events at Sianfu had increased the prestige of General Chiang Kai-shek and the entire Chinese Government, declared the Chinese Ambassador, Quo Tai-chi, in a speech at a dinner given by the Chinese Society in London Jan. 11. China, he said, was finding that great permanent and beneficial changes could be achieved quickly. There was new hope and confidence throughout China, which was learning to be politically national, not merely racial.

W. M. Kirkpatrick, British Export Credit Official, Arrives in China

W. M. Kirkpatrick, special representative of the British Government Export Credits Guarantee Department, arrived in Shanghai Jan. 11 by the P. & O. ss. *Rawalpindi* which he boarded at Marseilles on December 11. Mr. Kirkpatrick was accompanied by Mrs. Kirkpatrick and C. G. Thorley, who is acting as his personal assistant and adviser. The offices of the representative have been established in the Ewo (Jardine-Matheson) Building.

Mr. Kirkpatrick said his job would be to investigate the credit worthiness of the buyers in China of all descriptions of British goods. If satisfied, and he could recommend the transaction to his committee of the Exports Credits Guarantee Department, then the functions of the Exports Credits guarantee would operate, he hoped, to advantage to all concerned.

He mentioned that he had once visited Hongkong on a special mission to restore friendly relations between the Hongkong Telephone Company and other parties concerned. During that time he had met a number of interesting Chinese gentlemen. He expects to remain in China six or eight months.

Interviewed by the *Central News* Agency, Mr. Kirkpatrick emphasized that his present visit to China is in no way connected with a loan. He declared that he was coming to make friends with Chinese industrial and financial leaders in order to gain a better understanding of this country. The British representative also pointed out that he will try to familiarize himself with the business and trade conditions in this country with the ultimate aim of promoting closer economic ties between China and Great Britain.

British Envoy Tells Japanese Embassy Britain Will Give Full Support to National Government

The Shanghai *Nichi Nichi* says a strong representation with regard to the full support given by the British authorities to the Chinese National Government during the Sian trouble was presented to Knatchbull-Hugessen, British Ambassador to China, by Sato, Secretary to the Japanese Embassy, when he visited the British Ambassador in the British Embassy Jan. 9. But, the British Ambassador, flatly refusing this representation, declared that the British authorities not only give full support to the Chinese National Government, but also tender assistance to other political powers, for the sake of the prosperity of China.

Replying to a query as to whether Britain had supported the Nanking Government during the Sian crisis, the British envoy returned a categorical "No," adding that the British Government, as a matter of general policy, tried to aid China to achieve stability and prosperity in the same way that it accorded aid to other countries.

Shanghai "Nippo" Sees Britain Striving for Permanent Influence in Nanking

The arrival in China of W. M. Kirkpatrick, is viewed by the Shanghai *Nippo* as evidence of strivings by the British Government to establish a permanent influence over the Ministry of Finance of the Nanking Government. "We must understand," the paper declares in an editorial, "that British policy is not confined to merely defending British economic positions in China, but is also a reflection of Britain's political designs in the Far East. "Although Mr. Kirkpatrick has declared that he will remain in China only for six or seven months, we may be sure that he will be followed by further British representatives. These representatives will be the permanent leaders of the Nanking Finance Ministry."

Japanese Planes Continue to Fly Over Tsingtao

Despite the repeated protests of the Chinese authorities over their illegal flights, Japanese planes both military and commercial, still fly over Tsingtao, according to the *Central News*.

Prince Teh Meets Japanese Officers at Changchun

According to reports from Pingtichien, Prince Teh and Pao Yueh-chin, accompanied by a director of the Japanese Special Service Department, proceeded to Changchun by plane on Jan. 5 and conferred with the Japanese Kwantung Army chiefs.

News Notes from Canton

(By the Review's Canton Correspondent)

Customs receipts at Canton were more than a million dollars higher for 1936 than for 1935. The reasons which officials give for the rise are the disappearance of a large amount of smuggling and the increase in duties on imported rice. Statistics give $10,925,799.45 as the total receipts and the margin above those of 1935 as $1,309,296.76.

Canton will lose a highly respected Consular official when Mr. Herbert Phillips, British Consul General, leaves the last of January for England. He will return in September and assume the post of Consul General at Shanghai. During his six years in Canton Mr. Phillips has done much to promote Sino-British relations. His part in arranging the exchange of visits between the Canton officials and those of Hong Kong which took place recently is typical of his work here.

A lantern procession in which nearly 100,000 persons participated took place in Canton evening of January 5. The procession had been scheduled for New Years but inclement weather necessitated postponment. Military, governmental, educational, and other public organizations were represented in the parade. Marchers carried lanterns in the shape of guns, air planes, fishes, etc. Lions, dragons, and mounted men dressed as ancient Chinese notables added color to the affair.

From 9 o'clock until midnight a fireworks display was held in front of Dr. Sun Yat-sen Memorial Hall and on the Hoichu New Reclamation Ground.

Officials of the Canton Police Department have announced plans for the purchase of 30 motorcycles and four motor boats. Officers, in the future, are to be instructed in the use of these cycles and also in photography.

Seven Formosan journalists visited Canton on Jan. 7. They were guests of local newspapermen at a luncheon held in the Municipal Reception Building. Other Japanese guests included representatives from the Consular office and the local manager of the *Domei News Agency*.

Japanese Consul General Nakamura gave a dinner at his residence in the evening and pointed out in a speech the importance of understanding between Chinese and Japanese journalists in Sino-Japanese relationships.

China to Send Delegates to Attend Anti-White Slave Meet in Java

The Chinese delegation to the Far East Anti-White Slave Conference, convened under the auspices of the League of Nations, will leave Shanghai aboard the *s.s. Tjisarota* on Jan. 19 for Bandoeng, Java, to attend the meeting which is scheduled to open on Feb. 2. The delegation will include Hsiung Hsi-ling, former Premier of China and now president of the Swastika Society in China, Miss Kwang Jui-wu, suprintendent of the Hsiang Shan Orphanage of which Mr. Hsiung is the director, and Chen Keh-chin, a member of the China National Child Welfare Association and director of the S.M.C. Chinese Schools. Mr. Farsan T. Sung, Chinese Consul-General at Batavia, has also been instructed to attend the meeting.

H. W. Temperley Says in Interview that a War Between China and Japan Can Be Avoided

"War between China and Japan can be avoided—it is not inevitable," declared H. W. V. Temperley, Professor of Modern History at Cambridge University, when he visited Singapore Dec. 29 on his way back to England after his first visit to the Far East. Mr. Temperley is president of the International Historical Congress, and is the author of numerous historical works. "However serious the situation in the Far East may be, there is no reason why a solution should not be reached without resort to war," Mr. Temperley added.

Ancient Tomb Unearthed Near Wuhu

A *Central News* message from Wuhu Jan. 9 stated that an ancient tomb, said to be the grave of Sze-ma Chao, the second son of Sze-ma Yen, Prime Minister of Wei in the Three Kingdoms period, (214-589), had been discovered at a point near Hohsien, about 50 kilometers north of Wuhu, Anhwei. The tomb was elaborately designed, with a tunnel leading to the interior, where brass candles, tables and brass basins were found. On instructions from the Wuhu authorities, the relics have been transported to the county seat of Hohsien for custody.

The Virtue of Compromise

BY T. S. YOUNG

IT is strange that a political leader should be "kidnapped" by one of his subordinates. It is more strange that the "kidnapper," after perpetrating this very treacherous deed, should repent himself and accompany the "kidnapper" to the Capital to "receive severe punishment." It is still more strange that a special pardon should be granted to the "kidnapper," after he had been actually court-martialled and sentenced. All these strange things have occurred in less than one month. Thus a first-class tragedy has unexpectedly turned out to be comical farce. The many spectators, who have watched the drama with great concern after the rise of the curtain, can not leave the theatre without some bewilderment over the strange denouement of the plot. But they are all very happy because of its happy ending.

Chinese politics is said to be always a puzzle, and too intricate for a foreigner to solve. Even the Old China Hands, who have professed to know everything about China from Confucius down to the ricksha pullers, are at a loss to attempt to unravel Chinese political entanglements. In many cases, even the Chinese themselves have been taken by surprise by the very strange things happening in the Chinese political arena. In our private life, we can not really call ourselves free men, for we are tightly bound by old teachings, customs, conventions and prejudices; but in our political life, we enjoy complete freedom to act upon what we like, for we are not fettered by constitutions, traditions, or precedents. Whenever our ship of state is caught by storm, our sailors, by means of their experience, can always find a new course to lead their ship to safety, without the need of consulting a campass or a chart, because they believe that every crisis must be solved in accordance with its own merits.

Thus when we are faced with a political storm, our political leaders do not consult any constitutions, or refer to our history for any precedents, but rake their brains in devising a formula to tide over the crisis. The earlier the formula can be devised, the sooner the political crisis can be liquidated. This important formula, be it noted, consists of no algebraical figures but some simple means of compromise—a panacea for our political ills. On numerous occasions, a civil war has been barely averted by the application of this panacea. But it must be remembered that an acceptable formula of compromise is not easy to be devised, and so many issues had still to be fought out on the battlefield in the past two decades.

A Long Series of Compromises

It is interesting to note that our history of the past twenty-five years represents a long series of compromises. By means of compromise, a boy Emperor made his voluntary abdication, a newly inaugurated President resigned in favor of a very ambitious man, a party admitted the members of another party into its fold, and rival warlords became sworn brothers and fought shoulder to shoulder against a third warlord. By the same means, many political enemies have been able to reconcile their differences and become strange bed-fellows, many malcontent political and military leaders have agreed to leave their home for a foreign trip with passage money provided from the national coffers, and many persons of different political beliefs have buried their political axes and served the same Government.

We have learned the virtue of compromise not from our books but from our experience. In our family system, this virtue finds its greatest expression. Our foreign friends have frequently expressed their wonder after visiting a big Chinese family, where two or three generations have lived together under the same roof. It sounds indeed unbelievable that wife and concubines can sit side by side to partake of their daily meals together, that sisters-in-law of different tastes and different temper can compose their differences and jointly manage the family affairs, and that the modern young boys and girls can tolerate and submit themselves to the conservative notions of their grandparents. The secret of the successful operation of our large family system lies in the virtue of compromise. As a matter of fact, every one living in a big family from the patriarch down to the janitor must learn how to compromise with others, and should any one persist in asserting his own will irrespective of the wishes of the others, then the peace and harmony of the family will be certainly marred by incessant domestic quarrels and strifes. Thus we have learned the virtue of compromise from our family, and have always carried it with us wherever we go.

We, by nature, are flexible, pliable, slow to take offence but quick to compromise. We, as a whole, do not set so much value upon our beliefs and principles as upon our most important "face." Generally, we are ready to give up our beliefs and principles, when and if we can save our "face." Seldom have we heard of a Chinese political leader who would stand by his political beliefs against all measures of compromise which could give him plenty of "face." Even the late Hu Han-min, whose obstinacy had caused not a little criticism from his admirers, became more conciliatory in his noted irreconcilable attitude in his late years, when he was given much "face" by the Central Government. Besides "face," money is also an important factor in the formulation of a successful formula of compromise. Thus many political crises have been successfully liquidated, when the recalcitrant leaders have been provided with a fat purse for travelling expenses in addition to a high-sounded title.

Appeals to the Sense of Humor

This method of liquidating a domestic political crisis may appeal to the public sense of humor, for, in many cases, the settlement worked out has been not only unique but also highly ludicrous; but it is the most effective method which has yet been devised to preserve our domestic peace. It has proved especially effective during the past five years, for many a political crisis, which would easily let loose the dogs of war, has been peacefully settled without the firing of a single shot. By virtue of different formulae of compromise, the National Government has succeeded in the pacification of Szechuen, in extending its authority to Yunnan and Kweichow, in keeping North China in its fold, and in liquidating the Southwest crisis. Possibly, we would not have been able to enjoy the present semblance of peace and unification, had the Government chosen some other way than the method of compromise to solve our recurring political crisis. The price paid for this peace and unification may be very exorbitant, yet it is infinitesimal in comparison with the high cost of civil wars.

I have always thought that if Europe could solve her own problems with the same polished dexterity, its situation would not be as ominous as it is today. Spain would not become an international battlefield. Soviet Russia and Germany would not hurl epithets at each other. And King Edward VIII would not have to give up his Throne. The Europeans are certainly not as flexible and pliable as the Chinese, and they seem to lay too much stress upon constitutions and principles. Because of their inflexibility, they are not disposed to countenance any precedents or admit of any compromises. Therefore the Spanish civil war must be fought to the bitter end, because the loyalists and insurgents have held different political tenets; and King Edward VIII must give up his Throne, because constitutional issues have been unfortunately dragged into his love affair. Thus in one case, a very beautiful country has been laid waste by the disastrous civil war; and in the other, a very popular sovereign has been driven into exile.

I do not say that the method of compromise is always the best means to settle any political crisis, for I am not oblivious of its weakness. Any formula of compromise represents only a sort of temporary settlement, and not a fundamental solution of an important issue. Any issue which is not fundamentally solved will remain an issue. A political enemy provided with a fat purse and a high-sounded title to take a foreign trip will not become an enthusiastic supporter of the Government upon his return, and the chance is that as soon as he sets his foot on the native soil, he will once again participate in anti-Government activities. Moreover, it encourages the unscrupulous military and political leaders to defy the Central Government, for when the worst comes to the worst, they can always expect from the Government some formula of compromise, by which they can manage their escape with "face" and money. This may account for the reason why we can not finish with our political crises.

Be that as it may, we, however, prefer this method to any other methods which may necessitate the use of force. We can not afford to risk any more civil wars, and must keep our peace and unification by all means, though this peace and unification may be far from being secure. We love to compromise, and deem it a virtue that we can compromise our differences with other people. Let this virtue be preached to all the peoples on the earth. Let every country learn to be more compromising in their dealings with others. And let the virtue of compromise rule over the spirit of war throughout this world.

U.S. Foreign Trade Convention Urges Continued Support for Reciprocal Trade Agreements

The final declaration of the Twenty-third National Foreign Trade Convention held in Chicago Nov. 18-20 announced continuation of support of the Reciprocal Trade Agreements program and the unconditional most-favored-nation principle on which it is based. The Convention urged that the procedure under which trade agreements are negotiated be re-examined and simplified, where possible. It would make for great efficiency, it was urged, if briefs and appearances at public hearings were specifically invited from only those industries or commodity groups on whose products the granting of concessions is under consideration by our Government.

Attention was called to the fact that the reciprocal principle is vitiated when a country having a trade agreement with the United States permits uncontrolled entry from a third country of goods which have been subsidized in any form to a degree prejudicial to American ability to compete.

Present Conditions in "Eastern Hopei"

BY C. Y. W. MENG 孟長泳

EASTERN Hopei, consisting of 22 hsiens, was "demilitarized" after the signing of the so-called Tangku Truce on May 31, 1933. These 22 hsiens constitute the most fertile area in the Province of Hopei.

On Nov. 25, 1935, through the efforts of Japanese militarists and plotters, and under Japanese patronage, direction, and assistance, the so-called "Eastern Hopei Anti-Communist and Autonomous Government" was set up, in spite of the vigorous protests from the Chinese Government and nation-wide opposition. Yin Yu-keng, a brother-in-law of a Japanese high militarist in North China, was put at the head of this bogus administration. Yin is now considered to be one of the Chinese traitors. The National Government had once issued an order for his arrest.

On Nov. 25, 1936, celebrations were held to commemorate the first anniversary of the founding of this bogus government. Therefore, it is of some interest for us to review the present conditions in Eastern Hopei since it came under, virtually, the Japanese administration and control. Has not Eastern Hopei become another "hell"—in the same way as Manchuria—in the Orient? The following account comes from travellers who have just returned from a visit to Eastern Hopei.

Five-Color Flag Again in Use

When the Eastern Hopei Anti-Communist and Autonomous Government was first founded, it continued to use the Kuomintang flag. But beginning from Nov. 25, 1936, "in order to show the present state of 'enlightened rule' to the outside world," according to the account from the travellers, the bogus government announced its intention to use the old Chinese five-color flag.

As we know, when the Chinese Republic was first established in 1912, it was decided to use the five-color flag as the national flag, which signified the unification of five Chinese races, namely, Hans, Manchurians, Mongolians, Mohanmedans and Tibetans. But now, this bogus government again uses this flag. This signifies that even the Japanese themselves and the Japanese puppets do not believe that the Manchu people are independent from the rest of the Chinese today!

The Japanese "Advisers"

In every hsien government there must be one Japanese adviser to the magistrate. This adviser is really a "super-magistrate," for he is far more powerful than the magistrate himself. The magistrate in the office is only a figure-head or a puppet. This adviser is in charge of every business in the administration, including employment and dismissal of servants and laborers in the office. This adviser has also the power to interfere in the daily life and movements of the magistrate.

These Japanese advisers are mostly young graduates from Japanese schools, who scarcely know a word of the Chinese language, nor anything Chinese. The result is that they not only do not know how to handle Chinese documents, but also render the whole administration a "mockery of administration!"

A short time ago, the head of this bogus administration claimed that "an improvement in the civil administration in Eastern Hopei government has been made." But the fact is this: Recently, regulations were promulgated to the effect that the government employees should be the graduates of colleges along the same line of study required by their employment. But as no Chinese college graduate would go to Eastern Hopei for employment, the result is that many "forged" diplomas were produced and had to be accepted. Yet, the bogus administration claimed that "civil administration had been improved!"

At present, according to the account, Eastern Hopei has four corps of Paoantui (peace perservation corps). In each corps there are three big brigades. Each brigade is again sub-divided into three brigades. That is what they call the "three-grade system." But for each sub-brigade there is one Japanese adviser. That is, there are 36 advisers in all.

Like the advisers to the magistrates, these advisers are equally powerful. Everything has to be reported to them. They take charge of every business, and they are far more powerful than the commanders of the brigades.

The Smuggling and Its Revenues

One of the very objects of the militarists in establishing the bogus government in Eastern Hopei is to facilitate the smuggling of the Japanese goods into North China. Eventually, after paying rates ranging from one-fourth to one-eighth of the Chinese regular customs import duties, the goods can be put on the market. The Loho (Lo River) and Peiping-Lianing Railway are the centers of operations for the smuggling. According to an eye-witness's account, hundreds of Chinese junks are employed daily to ship these smuggled cargoes into North China.

Beside the many exorbitant taxes, the bogus administration is further forcing the Chinese farmers to subscribe to shares in the co-operative societies. "In such circumstances it only hastens the early rural bankruptcy of the Chinese farmers. Under such 'dual oppression' from the Japanese imperialists and the Chinese traitors, the sufferings of the Chinese farmers are indeed becoming unbearable. What is true in Loho Hsien is equally true in the other 21 hsiens under the bogus administration," these travellers declared.

The same account from the travellers also stated that beside deriving revenues from the smuggling, the bogus administration is still receiving two monthly "subsidies" from Chinese sources: one of $100,000 from the Peiping-Liaoning Railway Administration, and other of $250,000 from the Chang Lo Salt Administration. For what reason these two Chinese governmental organs still continue to pay these subsidies, we could never understand. Inasmuch as the founding of the bogus administration is illegal, it should not be possible to give them any subsidy!

Japanese "Cultural Invasion of China"

The school textbooks now in use in the schools throughout Eastern Hopei have been completely revised by the Manchukuo "Sino-Japanese Cultural Association." Schools and shops are compelled to subscribe to the *Tai Tung Pao* (daily newspaper), the official organ of Manchukuo; the *Kwantung Pao*, the official organ of the Japanese Kwantung Army, and the *Eastern Hopei Daily News*, the official organ of the bogus government. Every shop is requested to subscribe to one of these papers. Middle school students are compelled to study the Japanese language. These Japanese instructors, before giving the lessons, deliver long "advisory speeches" to the students. The contents of the speeches are nothing more than "how Japan assists the establishment of Eastern Hopei," "China and Japan should co-operate to enjoy together the blessings," "the Chinese people are of no account, so they should be slaves," etc. To all these, the students simply turn a deaf ear, and due to the strong pressure from above, they could not but keep silent," said the travellers.

In the city, there is one "Japanese Language Research Society (or Council)" which, according to the travellers, is nothing but the "highest organ" for training Chinese traitors. In order to encourage the Chinese to join the society, the salary for the Chinese educational instructors is considerably increased.

Japanese "Militarism" in Eastern Hopei

To speak of Loho Hsien alone, there are about 200 Japanese soldiers. These Japanese soldiers often go out to the country places to practice shooting, or to practice street maneuvers inside the city; and it is not infrequent that they declare the enforcement of martial law without any previous sufficient notification. Under martial law, they search everybody, they go from house to house on searching expeditions. It is equally frequent that by claiming that they have evidence in hand, they arrest, detain and shoot to death the people at will. "So the people in Eastern Hopei always feel nervous as they feel that their life as well as property is always in constant danger. The riot of last November when one Chinese traitor (Liu Chu) was killed simply indicated that the Chinese opposition against the bogue administration is very strong," the travellers declared.

When the Peiping-Liaoning trains reached the station, the Japanese soldiers, with fixed bayonets, at once began to search every passenger. Any suspects were at once brought to the Japanese barracks for examination. In order to hasten the early completion of the construction of the many highways for military purposes, the Japanese militarists enforced the forced conscription of laborers. For the completion of the Loho-Chienan highway and the Loho-Loting highway, no less than 400-500 laborers were forced to work. These "forced laborers" (not permissible under the Convention of the League of Nations) received no wages! All their food had to be brought to them by their families. Being deprived of livelihood, according to the accounts, many of the laborers committed suicide.

Japan's "Opium Policy" at Work

According to the account of the travellers, Eastern Hopei is now the opium and gambling center in the Orient. The sign-boards bearing the names of "hong" indicate nothing but the selling offices of opium, heroin, etc., the gambling establishments and prostitution houses. The sole purpose, as described by the travellers, is, in brief, to demoralize the Chinese masses. To speak of Tangshan alone, there are more than 500 of these hongs. In a district of not more than 20 square li in Changli Hsien (one of 22 hsiens under the bogus administration) there are no less 100 more of these hongs, according accounts.

Rampant Cruelties of Japanese and Korean Rogues and Chinese Traitors

The travellers gave further accounts of the many forms of cruelty committeed by the Japanese and Korean rogues and the Chinese traitors throughout Eastern Hopei—among them the follows:—

1. Forcible occupation and forced leases of the people's houses or dwellings.
2. Buying goods at shops, not only without paying for

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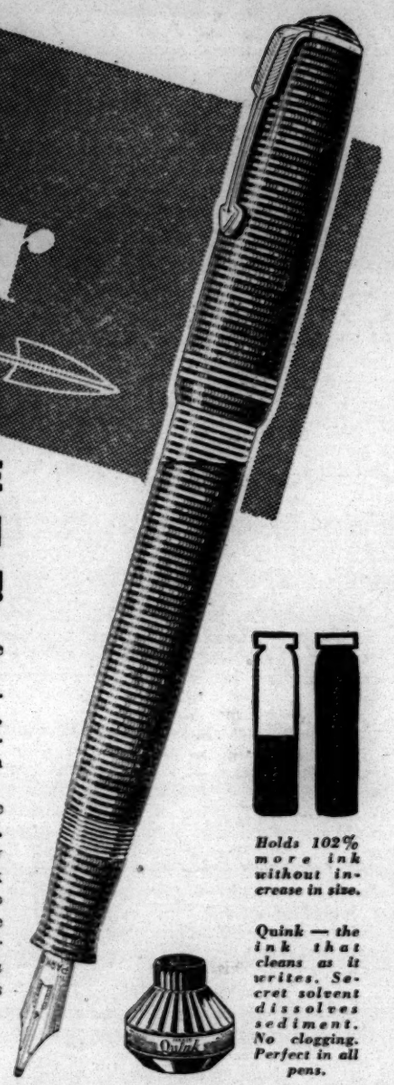

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them, but further cursing and beating the shop-proprietors.

3. Lending of arms to the bandits by the Hongs (described above), who (bandits) could later mortgage the "booty" (articles and "women,") to the same Hongs, apparently, for money.

4. Organization of "Fence Corps" by the Chinese traitors, whose sole function is blackmail and export money from the local people; in the event of refusal, the Chinese traitors could send them at once to the Japanese offices where the victims had to undergo every form of torture, such as hanging them upside down, pouring water into their noses, etc.

The "Forced" Celebration

Lastly, the travellers also told us about the celebrations of the first anniversary of the bogus administration. On that day, the walls were posted with "slogans," many of them being written in such way as to indicate clearly that they were written by Japanese, not by Chinese. Many hand-bills bore such slogans, as "Long Live the Peace of Eastern Asia," etc. In the night there was a lantern procession. As usual, the people had to shout "slogans." When the procession passed the Japanese Consulate, the people had to shout two slogans: one was "Long Live the Chinese Republic," and the other was "Long Live Eastern Hopei." When the people shouted the first slogan (Long Live the Chinese Republic,) the voices (as described by the eye-witness,) almost deafened one's ears. But when the "people" shouted the other slogan, only two or three persons shouted!

From the above accounts, it is very clear that under the bogus administation Eastern Hopei has become another "hell" in this universe; and that the "Eastern Hopei Anti-Communist and Autonomous Government," under Japanese rule, is (as was described by the travellers) a "paper tiger." A rising by the people to oppose the alien rule, as well as the fall of same, is only a matter of time!

Nanking, January 5, 1937.

China Produces 70 Per Cent of World's Antimony Output

Antimony, which has recently come into the limelight of world industrial news because of the steady rise in price since the institution of a government monopoly in China, is one of the few metals over which China has almost an exclusive control, producing as it does about 70 per cent of the world's total output. According to a recent survey, the first center of production in China is in Hsikuangshan, Singhwa district in Hunan while the second center is at Panchi, Anhua district in the same province. There are also a number of smaller mines scattered in Kwangtung, Kwangsi and Yunnan. The yearly production of the whole country is usually above 12,000 tons, although there has been a strong tendency of decrease during recent years. Owing to the infancy of heavy industries in China, practically the total output in the country has been exported.

Questioned regarding the effect of Government control on the future course of antimony prices, a spokesman of the Government organ in charge of antimony administration last week declared: "Far from being a booster of the price of antimony to a level inviting marginal competition, the avowed object of the Government is, among other things, to stabilize the market so as to encourage industrial consumption." The statement followed the publication of a message from London which indicated that since January 1, 1937, when control of the antimony industry by the Chinese Government become operative, prices had risen sharply.

China Develops Tin Industry—Shipments in 1936 Reach 10,000 Tons

According to the International Tin Research and Development Council, China's tin production has risen from 3772 tons in 1931 to 8082 tons last year. Shipments of tin from China, which amounted to 5960 tons in the first 10 months of 1934, rose to 7457 tons in the same period last year, and to 8167 tons between January and October, 1936. For the whole of 1936 this figure is likely to exceed for the first time the 10,000 tons level. The quality of Chinese tin has improved considerably in the recent past and there is no longer any technical difficulty in using it.

C. P. C. Approves Five Railway Loan Agreements

At the meeting of the Central Political Committee held in Nanking Jan. 6, the petition of the Executive Yuan forwarding the five Loan Agreements concluded by the Ministry of Railways —with the Board of Trustees for the Administration of the British Boxer Indemnity Refund, the Hongkong and Shanghai Banking Corporation and the Jardine Engineering Corporation for an advance of £900,000 Sterling for the purchase of railway materials abroad; and with the Shanghai banking syndicate of eight banks, including the Bank of Communications, the Farmers Bank of China and the Kincheng Banking Corporation, for a cash loan of $14,000,000 to be secured on bonds of the $14 million Nanking-Kiangsi Railway Reconstruction Loan—for the construction of the Suancheng-Kweiki section of the Nanking-Kiangsi Railway—was approved and placed on record.

Chinese Cotton Mills Get 200,000 More Spindles

In the second half of last year, the Chinese cotton mills increased the number of their spindles by 200,000, according to statistics compiled by the Chinese Cotton Mill Owners' Association. At present the Chinese mills have a total of 3,000,000 spindles.

C. M. S. N. C. to Open Service Between Macao and Singapore

The *China Evening News* says the Chlna Merchants Steam Navigation Company has decided to open a steamship service between Macao and Singapore. This will be the first Chinese line to operate outside of Chinese waters.

Chinese Motor Car Factory Starts Operations in Shanghai Suburb

The China Motor Manufacturing Company, with a capital of $6,000,000, has been organized by Tseng Yang-pu and leading Chinese financiers and industrialists. The factory of the comany, located at Pangsungyuan in Nantao, has already commenced operations. With the cooperation of a certain German firm., the *China Evening News* says, the factory will produce 100 trucks per month.

Smuggled Salt Seized in Tientsin

The revenue police at Tientsin Jan. 6 discovered two tons of Changlu salt held by a number of Japanese smugglers. The smuggled salt was confiscated. The Japanese smugglers have been handed over to the Japanese Consulate-General for punishment.

Match Manufacturing Joint Sales Society to Be Inaugurated Feb. 1

Organized at a capital of $5,000,000, the China Match Manufaeturing Joint Sales Society will be formally inaugurated on February 1, so as to avoid competition and revive the industry. Japanese interests are also represented in the society. One-fourth of the capital, which is $1,250,000, has been paid up. The organization will have three offices, one in Shanghai, one in Tsingtao, while additional offices are to be established. O. S. Lieu is the president of the society. It was reported that the Ministry of Industry had granted the organization's petition not to permit the opening of a new match factory in China within a period of five years.

Tientsin-Pukow Railway Maps Plan for Retiring Domestic Loans

Following the formulation of a program for the readjustment of its foreign obligations, the Tientsin-Pukow Railway has mapped out concrete plans for the retirement of its domestic loans this year, it was learned in Nanking, Jan. 11.

Beginning from January, it is stated, the Railway Administration will commence payment of interest and repayment of principal of the following loans:

(1) The $500,000 loan from four Chinese banks, including the Yien Yieh Bank.

(2) The $81,000 loan from the Railway Loan Consortium concluded in 1923.

(3) The $200,000 bonds issued by the Ministry of Communications under the defunct Peking Government in 1922. The loan is to be redeemed in five years.

(4) The $130,000 guarantee fund paid by transporting merchants, which will be redeemed in five years.

Negotiation with the China Development Finance Corporation for the retirement of the latter's $1,300,000 loan in 30 years.

Central Bank of China Nets a Profit of $10,000,000 in 1936

The Central Bank of China made a profit of $10,000,000 in 1936, according to financial circles. Profits of the Bank of China, head office, amounted to $3,000,000, while the Bank of Communications made $10,000,000. No figures as to their profits have yet been reported by the branch officers of the two banks.

Wang Hsiao-lai to Float Northwest Development Company

Wang Hsiao-lai, prominent Chinese capitalist with large business interests in Shanghai, has raised a large capital sum with which to float a company for the development of economic enterprises in the Northwest. The head office of the company will be located in Shanghai, with a branch office in Chungking.

China Makes $50,000,000 Deal With Belgian Company

The Ministry of Railways has concluded another large loan agreement with foreign interests, it was announced in Nanking Jan. 12.

The other party to the agreement is a Belgian concern, the Compagnie Generale de Chemin de Fer et de Tramways en Chine, which is lending 450,000,000 Belgian francs ($50,000,000) in the form of railway materials for the extension of the Lunghai railway by about 600 kilometres from Paochi, in Shensi, the present terminus, to Chengtu, in Szechuen. The loan is redeemable in seven years and bears annual interest at the rate of six per cent.

Canton to Build 55 New Wharves

As a part of the city beautification campaign, the Canton authorities will shortly construct 55 new wharves of reinforced concrete along the Bund. The new jetties, which will be used for loading and unloading of goods, will replace the present pontoons which dot the northern section of the Pearl River.

China's Industrial Development in 1936 Reviewed by Minister Wu

China's efforts in development of agriculture, industry, commerce, mining, fishery and forestry in the year of 1936 are reviewed in a report by Wu Ting-chang, Minister of Industries. Among the points covered are the following:—

(1) *Agriculture*.—During the year the Central Agricultural Research Bureau and the Rice and Wheat Improvement Station were responsible for the improvement of technique in their respective fields. In Kiangsu, Anhwei, and Hunan improved rice seeds were planted in 31,038 mow of land, while 14,000 piculs of such seeds were selected, ready to be planted in no less than 200,000 mow of land upon the advent of spring. In 23 hsien in these three provinces experimental farms were also established. Even better results were achieved in the planting of improved cotton seeds. A rich cotton harvest was reported in North China and along the Yangtze River valley. Meanwhile, experiments were conducted to improve the production of millet and other miscellaneous cereals.

(2) *Industry*.—One of the major industrial enterprises planned during the year was the Central Machine Works with an initiation fund of $600,000 and an equipment fund of £123,-000. Construction of buildings was completed and the machinery ordered from England has already arrived. Work will be started as soon as final preparations are finished.

Several alcohol distilleries were inaugurated, including the China Alcohol Distillery Company, the Shensi Alcohol Distillery, and the Tientsin Alcohol Distillery Company with a capital of $500,000.

The paper industry also took a forward stride as a big paper mill with a capital of $4,500,000 was planned in Wenchi, three new paper mills established in Kwangtung; also reorganization of the paper mills in Fukien and Kiangsi.

For the development of China's vegetable oil industry a China Vegetable Oil Refinery Company was established jointly by the Ministry of Industries and the Chekiang, Szechwan, Hunan, Hupeh, Kiangsi, Anhwei, and Kwangsi Provincial Government, being capitalized at $2,000,000.

(3) *Commerce.*—For the promotion of native goods the establishment of a Native Goods Joint Sales Corporation under the joint auspices of the Central and provincial governments, native goods factories and companies with an estaimted capital of $2,000,000 was planned. Final preparations for the inauguration of the Corporation are being made by a preparatory committee.

Steps taken during the year for the promotion of foreign trade included the encouragement of exports and imports, notably oil, cotton, tea, and fruits, the formulation of plans for the establishment of an export agency and the appointment of a commercial attache in the Chinese Embassy in Tokyo.

(4) *Mining.*—During the year the Ministry of Industry granted mining licenses to 166 private-owned mines with a total area of 1,174,638 mow, and surveying licenses to five mines with a total area of 35,466 mow.

(5) *Fishery.*—To regulate the supply of fish in Shanghai and its vicinity, a Shanghai Fish Mart was established last May by the Ministry with a capital of $1,200,000.

(6) *Forestry.*—Forestry projects in the Northwest and various other parts were enforced during the year by the local governments with the assistance of the Central Government. In Nanking a model forestry station was established at Chintzekang where 2,463,731 young trees and 5,041,667 saplings were planted.

Dr. D. Y. Lin Discusses Agricultural Problems in Speech at Canton

In a speech at the Canton Thursday Club, delivered Dec. 31, on "Some Agricultural Problems in China," Dr. D. Y. Lin, Director of the Bureau of Agriculture, discussed the land, population, and capital aspects of his subject.

He said China has a total area of 4,286,170 square miles, or approximately 17,830,467,200 mow. Roughly 29% of this vast area is physically available for agricultural crop production; of this, however, only a third is under cultivation, while the two-thirds are lying idle and should be developed. The non-agricultural area, which should be devoted to forest production or to grazing, constitutes 40% of the total land area, of which only 22% is forested, while the balance is still undeveloped. In other words, China has altogether 70% of her total land area which is physically available for agriculture, grazing, and forestry, but only a very small percentage of this is utilized. The existence of these millions of acres of undeveloped agricultural and non-agricultural land is a challenge to all who are interested in the welfare of China.

More than 80% of the population of China is rural, which means, if China's total population is put at 450,000,000, her rural population would be 360,000,000. Since only 11% of the total land area in China is under cultivation, and since 80% of her total population is rural, it means that 80% of the population is trying to live on 11% of the territory, and the size of average individual farm holdings, therefore, must necessarily be extremely small. Generally 24.0 mow per farm is given as the average holding for the country as a whole.

According to an investigation of the interest rates made by the Central Agricultural Research Bureau, 56% of the rural families contract cash loans in one way or another. Excepting Chekiang and Fukien, which have average interest rates 20% and 21% respectively, all other 20 provinces studied have interest rates higher than 25%. Dr. Lin said that interest rates as high as those charged to the Chinese farmers are a shame to a nation whose civilization is built on agriculture; unless something is done to relieve the struggling farmers of this 'crushing tax', no agricultural progress could be expected.

How British Boxer Indemnity Funds Are Used to Promote China's Economic Reconstruction

How the returned portion of the British Boxer Indemnity funds has been used to help the promotion of China's reconstruction, education and culture was recounted by Han Lih-wu, Secretary-General of the Board of Trustees for the Administration of the Indemnity Funds Remitted by the British Government, in the course of a speech delivered before the Rotary Club in Nanking, Jan. 7.

By arrangement between Chinese and the British Governments the British portion of the indemnity from 1922 on, which together with interest will amount to £11,186,547 in 1946, constitutes an endowment fund to be loaned to productive enterprises. Of the 11 million odd pounds, $6,200,000, Mr. Han said, has already

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been received, with which remarkable progress in the four fields above-mentioned has been achieved. Thus for railway communications 22 successive loans have been made to the Ministry of Railways totalling $3,866,000 in materials and £2,880,000 in cash.

Manchester Chamber Visualizes Improved Trade in China

A report stating that the outlook of Britain's trade with China is becoming ever more favorable, was issued by the Manchester (England) Chamber of Commerce Jan. 5. The Central Government of China, the report said, has been steadily gaining recognition and acquiring power throughout the country. The reforms introduced by Nanking are working out satisfactorily.

Reconstruction of Nanking Described in Radio Broadcast by Y. C. Mar

That Nanking has marched ahead of other cities in the country in construction work in the year of 1936 was revealed by Y. C. Mar, engineer-in-charge of the Department of Sewerage and Flood Prevention of the Nanking Bureau of Public Works, in a radio talk recently given over the Central Broadcasting Station.

Nanking's construction activities, according to Mr. Mar, fall principally into the following categories: erection of new buildings, construction of roads and bridges, extension of the Nanking Municipal Railway, enforcement of the irrigation scheme at Yantze-tsi, prevention of floods, and improvement of the sewage system.

Great efforts have been exerted by the Municipal Government to improve the existing Nanking Municipal Railway. Aside from the betterment of schedule and service, the line was extended to connect with the Nanking-Wuhu Railway by the laying of three kilometers of new tracks and the construction of two bridges and one station, at an expenditure of a little less than $250,000.

British Boxer Indemnity Fund Administration Approves £44,000 Loan to Power Plant

The draft contract for a £44,000 loan to the Metropolitan Power Plant of the National Reconstruction Commission was approved by the Board of Trustees of the British Boxer Indemnity Fund Administration at its 43rd meeting held in Nanking this week. The Board also granted a $600,0000 loan to the Kwangtung Water Conservancy Commission for the strengthening of dykes on the Pakiang in Central Kwangtung. It authorized the payment, in fall, of $1,000,000 to the Hwai River Conservancy Commission in accordance with its two year plan. The request of the Tsishuyen Power Plant near Wusih for a £33,000 loan was approved by the Board in principle. The proposal was referred to the Finance Committee for consideration. The Board also approved, in principle, the proposal of the Ministry of Railways for a loan for the opening of a workshop at Chuchow, Hunan, for the Canton-Hankow Railway.

Engineering work for the construction of the northern section of the Tatung-Puchow Railway—traversing the province from north to south—is being accelerated by General Yen Hsi-shan, Director of the Taiyuan Pacification Headquarters.

Chung-Cheng Railway Bridge Opened to Traffic

The gigantic Chung-cheng Bridge—named in honor of General Chiang Kai-shek,—was formally opened to traffic Jan. 10. The bridge will link up three main railways in Kiangsi—the Chekiang-Kaingsi Railway, which is already opened to traffic, the Kiangsi-Hunan Railway, half of which is already completed, and the Nan-chang-Kiukiang Railway, which terminates at Niuhsing, near Nanchang. The Chekiang-Kiangsi and Kiangsi-Hunan Railways both terminate at Nanchang. With the inauguration of the bridge, the transport of Kiangsi products to the neighboring provinces via the above-mentioned railways will be greatly facilitated, and the economic development of Nanchang accelerated.

Fourteen New Locomotives Arrive in Tsingtao

Fourteen locomotives, of which 10 are for the Lunghai Railway and four for the Tientsin-Pukow Railway, arrived in Tsingtao last week from Europe aboard a Norwegian freighter. Parts of the locomotives will be assembled at the workshop of the Kiao-tsi Railway at Tsingtao.

$9,000,000 Worth of Smuggled Goods Stored in Peitaiho

The *Ta Kung Pao* says a total of 3,000 tons of smuggled goods with a value of $9,000,000 is now stored in Peitaiho awaiting transportation to Tientsin and other districts for sale. A fire which occurred on January 5 destroyed about $500,000 worth of these goods.

Contraband Rayon Confiscated in Tsingtao

The s.s. *Fengtien Maru* arrived in Tsingtao Jan. 7 from Dairen, bringing hundreds of bales of smuggled artificial silk and sugar. When the Customs inspectors tried to confiscate the goods, the Japanese smugglers asked for permission to pay half the regular tariff rates. When this request was refused, the smugglers took the goods back to the ship, but the contraband was confiscated later upon the arrival of Chinese and Japanese policemen.

The Tsingtao Maritime Customs the previous day confiscated large quantities of illicit sugar, artificial silk and cotton piece goods aboard the *Dairen Maru*, which had arrived from Dairen.

Smugglers Attack Customs Agents Near Tientsin

Another attack on customs preventive agents by ronin occured at Hsiyingmen on Jan. 7, according to belated reports received in Tientsin Jan. 9. The attack took place when the customs officers, one of whom was a foreigner, stopped several trucks loaded with smuggled linen and sugar. The goods as well as the smugglers were later taken over to the custom house.

Britisher in Customs Service Murdered by Smugglers

Thomas Gordon Paget, 38-year-old British boat officer in the Chinese Customs at Kwangchowwan, near Canton was murdered by smugglers, Dec. 17. Mr. Paget was a native of Bradford, Yorkshire. At the request of the British Consulate-General in Canton, the Canton authorities have telegraphed the magistrate at Kwangchowwan enquiring into the circumstances attending the death of Mr. Paget.

C.I.F.R.C. to Irrigate Huge Area Near Peiping

A project to irrigate 50,000 mow of land in the Shih Lu region south of Peiping is being planned by the Engineering Department of the China International Famine Relief Commission.

Ten thousand mow of land will be irrigated during this year and 20,000 mow during 1938, according to present plans. It is expected that within five years the Shih Lu project will attain a maximum irrigation capacity of 50,000 mow.

Approximately $8,000 will be spent on the project during this year, while $36,000 will be needed for the entire project, according to an estimate by C. C. Chang, acting Chief Engineer of the commission.

Details of this project are given in this month's issue of the C.I.F.R.C. *News Bulletin*, which has now been converted from a quarterly to a monthly publication.

C. H. Lowe, Director of the Shanghai office of the C.I.F.R.C., also announced recently that a total of $11,763.36 has been contributed from Nov. 16 to Dec. 30 in the commission's fifteenth anniversary campaign. The commission hopes to raise $300,000 for its new relief, engineering and co-operative program.

A contribution of $1,616.41 was sent in by the Chinese Club of Syndney.

Shantung Institute of Rural Reconstruction Has Great Success with Domestic Animals

The Shantung Institute of Rural Reconstruction has issued two brochures entitled respectively "Five Years of Rural Work in Tsouping" and "Rural Reconstruction in Tsouping".

A frontispiece shows Liang Shi-ming, President of the Institute.

The Shantung Institute of Rural Reconstruction was founded in June, 1931, at Tsouping, a hsien or district, situated in the central part of Shantung province. Its predecessor was the College for Village Self-government in the adjoining province of Honan, an institution which had enjoyed the sympathetic support of General Han Fu-chu, then chairman of the Honan provincial Government. In the winter of 1930, after General Han had assumed his new office as chairman of the Shantung Government, the college was closed. At the head of the Institute there is a president, and a vice-president who acts as assistant to the president. Both are appointed by the Shantung Provincial Government to take full responsibility for the Institute. Under them there are departments dealing with the three main branches of the work, namely, research, training and demonstration. In addition, there are several special institutions such as the hospital and the agricultural stations.

The source of financial support for the Institute is the Shantung Provincial Government. In 1931 the annual expenditure amounted to $107,580 (Chinese currency), while in the next year it was slightly increased to the sum of $117,780. In the spring of 1933, with the addition of the second Demonstration District of Hotseh, the annual budget was fixed at $120,900.

It is interesting to note that the work in animal husbandry has revealed two superior breeds of Shantung domestic animals. At Tsaochow, a district in West Shantung, the local pigs have been found to excel those of the imported Poland-China breed. It is hoped that rapid improvement can be made through crossing of these two breeds. Animals of the fourth generation weigh twice as much as ordinary Poland-China pigs. In like manner, the native chickens in the district of Shoukuang, east of Tsouping, compare very favorably with the imported Leghorn, Rhode Island Red, or the Japanese "Nagoya" breeds. Tests have shown that the Shoukuang hens are superior to the Leghorns both in size and in egg-laying qualities. Crosses are being made between these two breeds in the hope of obtaining even more satisfactory results.

U.S. Congress Convenes—Huge Legislative Program

The seventy-fifth session of U. S. Congress convened in Washington Jan. 5.

As a result of the early expiration of many of the "emergency" New Deal laws, a heavy legislative program faces Congress. The expiring laws concern almost every phase of the New Deal, but the three most important, with the dates of their expiration, are the law setting up the $2,000,000,000 stabilization fund and authorizing the conclusion of reciprocal trade agreements (June 12), and the Neutrality Act (May 1).

Already more than 2,000 bills are ready for consideration, ranging from inflation of the currency to a bill providing for a national lottery. Bill No. 1 is a measure presented by Louis Ludlow, Democrat from Indiana, requiring a national referendum before any declaration of war by the United States.

Senator Key Pittman of Nevada, leader of the Senate silver bloc, conferred privately with dissident members of the group and emerged confident that an open fight had been averted, at least temporarily. Although the Senator at present is preoccupied with neutrality legislation, it was learned on reliable authority that he will give attention to silver at his earliest convenience.

Senator William H. King of Utah, who recently indicated that he was studying the proposal to modify the present silver program said he intended to confer with Treasury officials regarding the situation but that at present he had no definite proposals to make.

Proposed Secretary for Insular Possessions

Senator Gibson, from Vermont, re-introduced a bill which would create a Department of Territories and Insular Possessions under a Secretary of Cabinet rank. The same proposal was brought forward by Senator Gibson during the last session of Congress, but no action was taken by the legislators. The proposed Secretary of Territories and Insular Possessions would receive a salary of $15,000 annually, according to Senator Gibson's bill, and would assume jurisdiction over the Philippines, Hawaii, Alaska, Puerto Rico, the Virgin Islands, Guam, Samoa, Midway and Wake Islands. The Philippines at present are under the Department of War, while the Department of Interior is in charge of affairs relating to Hawaii, Alaska, Puerto Rico and the Virgin Islands. The Department of Navy at present has jurisdiction over Guam, Samoa, Midway and Wake. Senator Gibson announced that he would press for passage of the bill during the current session of Congress.

A bill proposing a ban on the importation of American flags manufactured abroad was introduced by John M. Costello, Representative from California. Mr. Costello stated that the purpose of his bill was to "end the irony of the 'Made in Japan' labels commonly seen on American flags."

Richard J. Welch, also a Representative from California, introduced a bill extending the time of the Filipino Repatriation act. The present law remains effective until December, 1938. Some 300 Filipinos in the United States are preparaing to avail themselves of free transportation back to the Philippines, as provided in the repatriation bill, Mr. Welch estimated.

A bill proposing the admission of 50 Filipinos in both the West Point Military Academy and the Annapolis Naval Academy pending the consummation of Philippine independence was introduced by John D. Dingell, Representative from Michigan.

America Returning to Prosperity—1937-8 National Income Put at $67,000,000,000

Evidence of return of the United States to prosperity was given New York, Jan. 11, in a statement issued by the Department of Commerce. The statement estimates that the national income for 1937-38 will amount to $67,000,000,000, which is $7,000,000,000 above the estimated total for 1936-37.

William R. Hearst Receives Largest Salary in the U. S.

U.S. Congress Jan. 6 published the names of Americans earning more than $15,000 in salaries, commissions and bonuses during 1936. The ten leading names on the list included: William Randolph Hearst, prominent publisher, $500,000; Mae West, movie actress, $480,833; C. W. Guttzeit, a Latrobe Pennsylvania, steel executive, $398,808; Alfred Sloan, President of General Motors, $374,505; Marlene Dietrich, movie actress, $368,000; Winfield Sheehan, President of 20th Century-Fox, $344,230; William F. Knudsen, president and general manager of the Chevrolet Co., $325,869; Bing Crosby, radio and movie entertainer, $318,907; B. D. Miller, President of the Woolworth Co., $309,880; and Thomas J. Watson, President of the International Business Machine Corp., $296,028.

U.S. Plans New Neutrality Legislation

It is authoritatively stated in Washington that the Administration will seek to include in new neutrality legislation a provision forbidding the enlistment of Americans in foreign military service under penalty of loss of citizenship. The State Department has revealed that all new passports issued since August have been endorsed "not valid in Spain." This does not prohibit Americans proceeding to Spain, but denies them diplomatic protection.

New Chairman of Federal Securities Exchange

James MaCauley Landis, chairman of the Federal Securities Exchange Commission, has been appointed Head of the Harvard Law School, with effect from September 1 this year.

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Six Thousand Japanese Families to Be "Planted" in Manchukuo

Six-thousand Japanese families will leave Japan this year to settle in the fertile border regions of Manchukuo, Hidejiro Nagata, Minister of Overseas Affairs, stated in Tokyo Jan. 9. Mr. Nagata's plans provide for the migration of 15,000 households next year; 21,000 households in 1939; 28,000 households in 1940 and more than 30,000 households in 1941. In preparation for the forthcoming rush, the Ministry's branch office in Hsinking has already been expanded, as was the Overseas Bureau of the Ministry. Mr. Nagata has also opened negotiations with the Ministries of Home Affairs, Education and Agriculture and Forestry to facilitate the dispatch of leaders of youth organizations to Japanese settlements in Manchukuo each summer to learn of the conditions there. These visitors, according to the Minister's plans, will later aid in the drive for mass migration to the new Empire.

Anti-Japanese Volunteers Kill 2,500 in Manchuria

From March to November, 1936, the anti-Japanese volunteers engaged in no less than 193 battles with the Japanese-Manchukuo troops in Manchuria. It is reported in a Nanking message to the *China Times* Jan. 11 that 2,593 Japanese and Manchukuo soldiers were killed in the encounters.

Japanese-Manchukuo and Soviet Troops in an Hour's Manchurian Clash on Border

A skirmish is reported to have taken place between a Japanese-Manchukuo patrol and Soviet guards about 3:30 p.m. Jan. 4 afternoon near Signpost No. 17, which is 13 kilometers north of Tungning, on the eastern frontier of Pinkiang Province. After an engagement that lasted an hour, the Japanese-Manchukuo troops are stated to have repulsed the enemy. No loss was sustained by the Japanese-Manchukuo force, but the Soviets are believed to have had several men wounded in the fighting.

Car Accident Claims in Suiyuan Settled

Claims arising from the recent accident caused by a speeding motor car driven by the director of Japanese Special Service Department in Suiyuan have been amicably settled, a recent message from Kweisui stated. For the damaged cart, the Japanese agreed to pay $30, and to the injured man all medical expenses in addition to a further sum if he is permanently invalided.

Japanese Halt Building of Airdrome in Fengtai

As a result of the protests of the Chinese authorities, the Japanese military authorities have stopped the building of an airdrome in Fengtai, a Peiping message in the *Shun Pao*, Jan. 8 stated.

Two Alleged Invasions by Soviets Said to Have Been Repulsed

Soviet troops allegedly crossed into Manchukuo territory on two occasions early last week in the Suifenho region on the eastern border of Manchukuo, but were repulsed, belated reports reaching Hsinking Jan. 9 said. According to the dispatches, a Soviet patrol consisting of about 15 men violated the eastern frontier of Manchukuo on Jan. 3, while another group of 20 men is alleged to have crossed the border the following morning near post No. 12.

Huge Increase in Soviet War Budget Announced

Addressing a meeting at Tsik, the Commissar of Finance, M. Grinko, Jan. 11 revealed that the war budget of the Soviet Union had been increased 30 per cent, and now totalled 20,102,000,000 roubles.

The Tokyo *Nichi Nichi* in an editorial Dec. 31 devoted to the political and economic results in the U.S.S.R. during 1936 said: "It is not possible to expect as previously believed that collaboration between the U.S.S.R. and France will grow weaker. The contrary must be recognized, viz., that a rapprochement between the U.S.S.R. and Britain is becoming increasingly strong, not only in Europe but even in the Far East, and in particular in China."

Japanese Released by Soviet Authorities after Being Held for Five Weeks

After being held by the Soviet authorities for five weeks on suspicion of espionage, Daiji Takagi, manager of the Vladivostok branch of the Japanese Merchant Marine Union, was released Jan. 8. Mr. Takagi was arrested on Dec. 4, when he visited the Vladivostok Government offices to have his passport vised. His detention formed the subject of a protest filed earlier last week with the Soviet authorities by Yujiro Sugishita, Japanese Consul-General in Vladivostok. Mr. Takagi was the second member of the Merchant Marine Union to be arrested in recent months. Kaichiro Nako, a 24-year old clerk of the firm, is now in jail, serving a ten-year sentence for alleged espionage in the Vladivostok harbor zone.

Six Chinese Reported Buried Alive by Japanese in Jehol

Six Chinese, alleged to have been corresponding with the Chinese cavalry commander in Chahar, are reported to have been buried alive in Weichang district in central Jehol province by Japanese gendarmes. One of the victims was Chang Yen-tang, son of Chang Wei-chien, a member of the Jehol provincial administration in the early days of the Republic. The fate of 14 others who were arrested together with the six who were killed, remains unknown.

Hsin Chung Company to Increase Capital to $50,000,000

The Sino-Japnaese Hsin Chung Company, organized for the purpose of economic exploitation in North China, will have its capital increased from $10,000,000 to $50,000,000. Of the additional capital, the South Manchuria Railway Company has agreed to subscribe half while the remaining half will be supplied by individual financiers. It may be recalled that previously it was decided to increase the capital of the company to $100,000,000 but the plan was found difficult to carry out.

Japanese Writer on Soviet Subjects, Arrested for Espionage, Implicates Another

Hirokichi Otake, well-known writer on Soviet subjects and owner of the Nauka publishing house, devoted to literature on Soviet Russia, Jimbo-cho, Kanda Ward, Tokyo, who was arrested at Gotemba on August 1 on suspicion of espionage and who has been detained in a Tokyo police station since November 26 and undergoing examination by Inspector Yamaura of the high special service of the Metropolitan Police Board, revealed on December 8 the fact that there was a Katsuhei Zama, president of the Naigai Joho Sha, news agency, of Kugenuma, Fujisawa-machi, Kanagawa prefecture, who worked for him.

At first Mr. Otake, while being detained at the police station, absolutely refused to name his accomplices and sought death by striking his head against a pillar in the detention room. The police, however, at last compelled him to confess.

The charge on which Mr. Zama is being held is that he received Yen 20 from Mr. Otake every month to supply the latter with various seditious writings secretly circulated. In August last year Mr. Zama handed Mr. Otake mimeographed, 30-page extracts of a recommendation concerning military discipline which had been banned as seditious literature. Mr. Otake forwarded the copy to a member of a certain Embassy.

Early in March this year Mr. Zama made copies of the manifesto for the uprising which the insurgents circulated at the time of the February 26 Incident and supplied them to said Embassy. Official secret documents concerning the independence of Prince Teh in Inner Mongolia and military conditions in Inner Mongolia were printed by Mr. Zama and also handed to said Embassy official.

Nathaniel Peffer Says Americans Get Inaccurate Information on China

Nathaniel Peffer, American author and journalist and well known commentator on Far Eastern questions, and known to many friends in the Far East as a result of his frequent visits here, addressed the Pan-Pacific Association of Shanghai at the Astor House Hote, Tuesday, Jan. 12, on "The Far East From Outside." Dr. P. W. Kuo presided.

Mr. Peffer, in his speech, voiced the question whether China is not giving free rein to the same forces which are carrying the western nations to the brink of another session of bloodshed. The eastern and western hemispheres are coming closer together, Mr. Peffer said. In America the people now have much more information about China than formerly, but nearly all of their information is inaccurate, he added.

German Bible Students Sent to Prison Because of Affiliation With I.B.S.A.

Three members of the International Bible Students' Association have been sentenced at Brunswick (Germany) to terms of imprisonment ranging from three to five months. Twelve others were acquitted owing to lack of evidence.

Answering the plea of the accused that they had not been guilty of illegal action in studying the Bible, the Public Prosecutor said: "Even in Germany to-day the study of the Bible is not forbidden. Each man can seek salvation in his own fashion so long as he does not offend against the penal code. It is not even forbidden for people to visit each other to study the Bible together. But anyone who carries on such study under the aegis of the banned International Bible Students' Association is liable to punishment."

Chairman Chen Yi's New Year Message to the People

BY THE REVIEW'S FOOCHOW CORRESPONDENT

In his new year message, Chen Yi, Chairman of Fukien Provincial Government, stresses that Fukien is in dire need of reconstructive enterprises. At the outset, he makes a brief survey of natural resources in Fukien. He says that of 170,000,000 mow of land, only 20,000,000 mow are arable regions, yielding annually thirty or forty million piculs of rice, thirty or forty millions piculs of sweet potatoes, and three million piculs of wheat, that these agricultural products are barely sufficient to feed Fukienese for eight or nine months, and that as for cotton, wool, etc., Fukien produces nil. He mentions the enormous excess of imports over exports—Fukien yearly exports a quantity of tea (worth $100,000,000), timber (worth $70,000,000 or $80,000,000), paper (worth $60,000,000 or $70,000,000), bamboo shoots and fruits (worth several millions) and miscellaneous articles, amounting to thirty or forty million dollars; Fukien yearly imports seventy or eight million dollars worth of goods, half of them being foodstuffs and drapery. He dwells on his eight-point program of reconstruction. First, he recommends the reclamation of waste on the ground that the cultivable regions should be enlarged so as to increase the food supply. Second, he advises improvement of agricultural art; he thinks extremely necessary establishment of agricultural institutes for specialized study and extension work of these institutes. Third, he advocates foodstuff control. He points out that in regulating the prices of foodstuffs, both the interests of producers and consumers should be taken into consideration. Fourth, he encourages exportation of native goods. He says that the efficiency of salesmen should be exhanced by provision of supplementary educational facilities for workers in various shops and introduction of new methods of bookkeeping. Fifth, he lays emphasis on railway-building and conservancy. He solicits the investments of overseas Chinese in the development of Fukien. Sixth, he talks about gradual improvement of fishery through introduction of scientific methods of fishing. Seventh, he sees the advisability of forming a planning committee for making all plans connected with economic reconstruction. Eighth, he discusses the importance of scientific education. He says the government plans to establish a provincial university.

It is our sincerest wish that the Chairman's eight-point program will be put into execution with swiftness and precision. Heretofore, there have been very good plans concerning Fukien reconstructive enterprises but few of them have been carried out—to the utter dismay of the people.

Formosan Opium Houses in Fukien Greatly Reduced

In Foochow, there have been about five hundred Formosan or quasi-Formosan opium houses. Upon the repeated request of the provincial government, the Japanese Consulate consents to gradual closure of opium houses. From January, 1937, the Formosan opium houses will be decreased from 500 to 100. Some of them will be amalgamated, while others will be closed.

A Witness' Statement About Sian Affair

In a Hongkong newspaper, there appears a witness' statement about the Sian affair. According to the statement, Generalissimo Chiang was, at the outbreak of the incident, in Lintung (30 or 40 li from Sian) where the Hwa Chin Kung, a palace of great historic interest, lies. There is a mountain named Li Shan and there is also a den named Yao Tung. In the front of the den, there are eight rooms where Generalissimo Chiang lodged. At about five o'clock a.m. December 12, 1936, a part of Chang Hsueh-liang's troops surrounded the Hwa Ching Palace. Chiang's bodyguards offered stubborn resistance. At this, Chiang followed by his retinue, attempted to climb to the top of the mountain. Midway, he found that Chang's troops were at the top of the mountain, so he went down and hid himself in the den. Chang's subordinates found the whereabouts of Chiang when the day broke, and they repeatedly asked him to go into the city and went with him by automobile. As Chiang arrived, Chang strongly persuaded him to approve his political views but in vain. On Dec. 17, Chang went with Chiang Ting-wen to Generalissimo Chiang and they held a lengthy conversation. At first, Chang said to Chiang Ting-wen: "You may go first to Loyang. Generalissimo Chiang may be expected to go to Loyang in three days." Afterwards, Chang turned to Chiang Ting-wen, saying, "I presume preparations for escorting Generalissimo Chiang to Loyang can hardly be finished in so short a duration as three days." Being indignant over the shilly-shally of Chang, Chiang Ting-wen refused to start for Loyang but later, the repeated request of Chang, he flew to Loyang.

The Guest House in Sian was surrounded by Yang Fu-chen's troops at nearly the same time as the Hwa Chin Palace was surrounded by Yang's troops. Gen. Chen Cheng, allegedly an eyesore to Northeasterners, was said to be the last person found discovered by Yang's soldiers.

January 8, 1937.

PAINTS AND PAINT WORK

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In the United States Court for China

In re.
LAST WILL & TESTAMENT
of
GEORGE HOBART NEWSOME
Deceased.

Cause No. 4147
Special Proceedings No. 2026
NOTICE
Filed at Shanghai, China, December 31, 1936.
William T. Collins, Clerk.
By E. J. Collins, Deputy Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of George Hobart Newsome, deceased, to present the same with vouchers to the undersigned on or before June 9, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Wiley Blaine Newsome
Yee Tsoong Tobacco Co. Ltd.
175 Soochow Road
Shanghai, China.

Shanghai, China.

Central Engineering Academy to Be Formed in Nanking

Preparations are under way by the Ministry of Education for the founding of the Central Engineering Academy in Nanking. The initial fund for the establishment of the institute, has been fixed at $1,000,000, of which sum $350,000 will be appropriated by the Ministry of Finance, $250,000 by the Commission for the Administration of the Sino-British Boxer Indemnity, and the remainder by the Ministry of Education.

Medhurst College Opens New Science Building

The new Science Building of Medhurst College, 690 Chaoufoong Road, Shanghai, was opened Jan. 9. T. L. Shen, President of the College, made the main address of the day. The Science Building is a three-story structure of fire-proof design costing $50,000. Designed by M. H. R. Durst, it has ten class-rooms, chemistry, biology and physics laboratories, a workshop and lecture hall accommodating 100 students. Messrs. Zee Kow-tai were the contractors for the job. A dormitory housing 500 students is to be erected on the campus this year. Work on it will commence next summer.

Northeastern University to Be Reorganized Into National Institution

To consolidate its status as the highest institution of learning for Northeastern youths, the Ministry of Education is stated to have decided to reorganize the Northestern University into a national university. Tsang Chi-fang, former Mayor of Mukden and later of Tientsin, has been appointed acting President of the University. Mr. Tsang arrived in Peiping this week from Nanking, and immediately called on Gen. Sung Cheh-yuan, chairman of the Hopei-Chahar Political Council, and Gen. Chin Teh-chun, Mayor of Peiping, regarding procedure for taking over the University.

New Sikorsky Plane to Be Added to Trans-Pacific Clipper Service

Capt. Edwin C. Musick arrived in San Francisco Jan. 8, piloting the new Sikorsky Clipper which he flew from Miami, Fla., to enlarge the fleet of Pan-American Airways' planes now plying between Alameda and Manila. It is understood that the new Sikorsky would be used for the Manila-Hongkong link in the service when it is inaugurated and might also be used for possible emergency service between Alameda and Honolulu in consequence of the maritime strike.

Pan-American transport planes will fly nearly one million miles over the Pacific in 1937, on the basis of present schedules.

Clipper ships arriving in Hongkong will connect with the China National Aviation Corporation network in the north and the Imperial Airways lines to the south, providing through service to Singapore, the Straits Settlements, India and Africa.

Chang Win-Yung Resigns from Sino-Japanese Aviation Co.

Chang Win-yung, chairman of the board of directors of the Sino-Japanese Aviation Company, has tendered his resignation. Mr. Chang is now staying in Tientsin and will not go to Peiping.

Ex-King Edward One of Six Ex-Kings in Exile

Ex-King Edward of England is one of six ex-kings now living in Europe. Haile Selassie of Ethiopia, living in England, and Alfonso XIII, of Spain, now in Milan, never abdicated, though they are kept from their own countries by superior force. Former King Prajadipok of Siam, following the dispute over his powers under the constitution, is living the life of an English country squire in Sussex. Former King Ferdinand of Bulgaria, who is living in Germany, and former Kaiser Wilhelm of Germany, at Doorn, the Netherlands, both lost their thrones as a result of the world war. Some commentators have called attention to the fact that abdication does not mean political death. They cite the cases of King Carol of Rumania and King George II. of Greece, both of whom were deposed and later restored to their thrones. Care is being taken, however, to insure that Edward recognizes that his renunciation is absolute and, as he himself said, "irrevocable."

Japanese Land Owners in Shanghai Ask Assistance from Tokyo

Proposing to request legislation to enable local Japanese land owners to borrow on their real estate holdings, Shigeru Matsumoto, local business man, departed for Japan by the s.s. *Nagasaki Maru* Jan. 10, the Shanghai *Nichi-Nichi* reports. During his stay in in Tokyo, he will take advantage of the Diet session to present his proposal to representatives of the Ministries of Foreign Affairs, Overseas Affairs, Army and Navy, and of political parties, a representative of the Federation of Shanghai Japanese Real Estate Owners, of which Mr. Matsumoto is a director, is quoted by the *Nichi-Nichi* as saying. The Federation seeks to borrow about Yen 40,000,000 to finance commercial and industrial enterprises, according to the paper. Local Japanese banks have been reluctant to make loans against real estate.

Kwangsi, Kweichow and Kwangtung Join Nationwide Opium-Suppression Drive

A recent message from Kweiyang stated that a unified opium suppression administration for China is now in sight as Kweichow and Kwangsi, the two provinces noted for their opium trade, and Kwangtung have adopted the anti-drug regulations as promulgated by the Central Government. An opium inspection bureau will be established at Wuchow, chief river port of Kwangsi, on Jan. 15 to direct the opium-suppression work in that province. The bureau will be headed by Chen Hsiung, Governor of the Bank of Kwangsi.

H.C.P.C. Rejects Petition Asking for Postponement of Death Penalty to Drug Addicts

In pursuance of the orders of the Central Government, the Hopei-Chahar Political Council has turned down the petitions requesting the postponement of the imposition of death penalty on drug addicts and dealers.

Canton Stages Anti-Drug Parade

An anti-drug parade was held in Canton Jan. 9 in which public functionaries, students, merchants and workmen took part.

Thirty Drug Addicts Arrested in Peiping

Thirty drug addicts were arrested in Peiping Jan. 7 by the police during the first day of the general round-up of drug addicts launched by the Hopei-Chahar Political Council.

In view of the drastic measures adopted by the Peiping authorities for opium-suppression, a number of Japanese proprietors of opium dens in the former Capital have removed their establishments to Tunghsien, in eastern Hopei.

Opium Addict Executed in Peiping

An opium addict named Lou Lu-hsin was arrested and executed at Peiping Jan. 7 in accordance with the regulations of the Central Government for the suppression of opium-smoking in the country.

Yeh Hsi-shan Orders Playwrights to Write Plays on Drug Evil

Indicative of his efforts to eradicate traitors, drug users and dealers, Gen. Yen Hsi-shan, Pacification Commissioner for Shansi and Suiyuan, has ordered two playwrights in Taiyuan to produce two plays denouncing the drug evil. The two plays are called "National Crisis and National Heroes," and "A Lesson for Drug and Opium Consumers."

Shanghai District Court Treats Narcotic Offenders Leniently

As an indication that the First Special District Court in the International Settlement tribunal intends to deal somewhat less drastically than at first indicated regarding narcotic addicts was made evident Jan. 9, when judgment was delivered in the case of nine offenders rounded up by the Narcotic Section, S.M.P. The ninth offender, a hawker charged with selling heroin on public streets, was brought up for trial separately from the others. A few small packets of heroin were found in his possesion and when questioned, he pleaded guilty to the charge. His case was remanded for another week. In the other cases sentences were imposed ranging from six months to a year's imprisonment.

Abolition of Opium Taxes Causes Deficit in Kwangtung

Owing to the abolition of the opium and gambling taxes and numerous kinds of exorbitant levies and miscellaneous taxes, the Kwangtung Provincial Government has incurred a deficit of $16,000,000 up to the end of 1936. In order to make up the deficit, a loan of $6 millions was concluded by T. L. Soong, Special and Provincial Commissioner of Finance for Kwangtung, with three banks—the Central Bank of China, the Bank of China and the Bank of Communications. $3 millions was used for the payment of old debts and the balance for administrative expenses. Efforts are being made by Mr. Soong to raise the remaining $10 millions in order to balance the provincial budget.

President Roosevelt May Visit Philippine Islands

Rumors persisted in Washington Jan. 8 that President Roosevelt will visit the Philippines, although the President has not committed himself to such a trip.

Philippine Veteran Army Officers to Be Promoted

President Roosevelt Jan. 8 recommended to the Senate that the following Army officers be promoted: Brig.-Generals John Hendricken Hughes, David Lamme Stone and John Lessene De Witt, to the rank of Major-Generals. All three have seen service in the Philippines.

Sixty Japanese to Attend Manila Congress

Sixty Japanese Catholics will represent their country at the Eucharistic Congress which opens in Manila on Feb. 2. Prof. Naosuke Sato of the Sendai Imperial University will also visit Manila at that time to collect old documents concerning the relations between the Philippines and Japan.

Who's Who in China

Koo Yee-chun, banker; born at Hwaian, Kiangsu, Feb. 1901; atttended colleges in China and in the U. S. A.; received M. A. from Ohio State University, 1923 and M.B.A. from New York University, 1924; Financial Secretary for the China Foundation for the Promotion of Education and Culture, 1925-29:, sub-Manager of the Chung Foo Union Bank, Shanghai, 1929-34; Special Delegate of the National Economic Council to the League of Nations and various Central Banks in Europe and America, 1934-35; Counsellor of the Executive Yuan of the National Government, 1935-36; member of the Chinese Monetary Mission to U. S. A., 1936; President of the Kwangtung Provincial Bank, since 1936; author of several books on following subjects: Silver, Chinese Currency Stabilization and Economic Policy of China; address: Kwangtung Provincial Bank, Canton.

顧翊羣字季高
Koo Yee-chun (Ku Yi-chun)

顧翊羣，江蘇淮安人，現年三十六歲，一九二三年得美國亞海亞洲立大學文科碩士，一九二四年得紐約大學商業行政管理學碩士，一九二五至二九年任中國教育文化基金管理委員會財務秘書，一九二九至卅四年任上海中孚銀行副經理，一九三四至卅五年任全國經濟委員會特派駐國聯代表，一九三五至卅六任國民政府行政院參事，一九三六年任中國經濟調查團團員赴美考察，返國後任廣東省銀行總經理，著有關于中國經濟問題書籍多種。

U. S. State Department Objects to Diplomats Marrying "Foreign" Women

The U.S. Department of State has issued specific orders to all American diplomatic and consular officers prohibiting them from marrying "foreigners" (non-Americans).

A recent executive order by President Roosevelt, forbidding State Department men from contracting unions with "foreign" women without specific permission of the Secretary of State, said in part:

"In the present condition of world affairs, any tendency further to increase the number of marriages of this character must be regarded with concern. A recent check-up on persons who are married to persons of foreign birth reveals a state of affairs that cannot be regarded with approbation."

It added that 18 per cent of foreign service career officers are married to women of alien birth and that 27 per cent of embassy and consular clerks have taken the same step. The executive order, however, does not apply to clerks.

"A full realization on the part of all members of the foreign service must be had," the order continued, "that the foreign service offers advantages sufficient certainly to expect of them sacrifices when the good of that service as a service is considered and a definite sense of obligation to the service is expected and must be insisted upon."

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THE CHINA WEEKLY REVIEW
160 Ave. Edward VII, Shanghai.

It Is Wise To Look Back Sometimes.

In times of distress, suffering, disquietude, uncertainty, it is well to look back upon former days and profit by past experience. This is what Mrs. B. C. Landwehr, of Carlisle, Western Australia found. "Through shock caused by the loss of two little ones I developed anaemia and 'nerves'," says this lady. "My sleep was disturbed by horrid dreams, I became worn out, exhausted, utterly miserable, lost all interest in life. Then one day my husband reminded me how Dr. Williams' Pink Pills had benefited me some years ago and this led me to take another course of these pills. Now my sleep is restful and dreamless, my nerves have greatly improved, I am no longer anaemic, all my pains and depression have vanished."

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The National City Bank of New York, Rates of Exchange
Shanghai, Jan. 13, 1937

Demand selling rate on America:	U.S. $1.00=Sh. $ 3.36
Demand buying rate on America:	U.S. $1.00=Sh. $ 3.34
Demand selling rate on London:	£1.0.0=Sh. $16.55
Demand buying rate on London:	£1.0.0=Sh. $16.41

Men and Events

The first meeting of the Preparatory Committee for the Second National Art Exhibition was held in Nanking Jan. 10.

The death occurred in London, Jan. 8, of Lady Pratt, wife of Sir John Pratt, formerly Acting British Consul-General in Shanghai.

Henri Hoppenot, Counsellor of the French Embassy in Peiping, sailed from Shanghai for home leave in France this week.

In a mandate issued Jan. 11, the National Government promulgated the revised Insurance Law recently enacted by the Legislative Yuan and the regulations for its enforcement.

The death occurred in Shanghai Jan. 7 at the age of 56 of N. W. Hickling, chairman of the Shanghai Stock Exchange and also chairman of Millington, Ltd., advertising agents and printers.

Capt. David Barrett, assistant military attache of the American Embassy, proceeded to Sian this week connection with securing the safety of American nationals resident in Shensi and Kansu provinces.

H. R. Heyden, a member of President Roosevelt's original "Brain Trust" in Washington, passed through Shanghai this week in the m.s. *Javanese Prince*, on which Mr. Heyden and his family are making a round-the-world tour.

Ma Shou-ling, who recently returned to China from Egypt, where he attended the coronation of the Egyptian King on behalf of the Mohammedans in Peiping, returned to the former capital end of last week.

The seventieth birthday of President Lin Sen falls on Feb. 28. The *Lin Pao* says that in view of the present national crisis. President Lin has advised the various provincial authorities not to hold any celebration and not to send him gifts.

The Rev. Earl H. Cressy, B.D., delivered a lecture on "The Charm of Japanese Prints" (illustrated with examples from the collection of the lecturer) before the North China branch of the Royal Asiatic Society in Shanghai Jan. 14.

Dr. Henry W. Luce, Vice-President Emeritus of Yenching University, was the guest of honor at a dinner given by the Trustees of the University on October 27 in the Jansen Suite at the Waldorf-Astoria in New York City. About fifty friends were present.

Miss Hilda Yen departed from Shanghai this week, by way of Bali and Java, for Geneva where she has been appointed by the National Government to work with the League of Nations in a study of "Traffic in Women and Children."

The University of Shanghai, School of Commerce, Downtown, is sponsoring a series of 12 lectures to be given during the months of January, February, and March, 1937, by Professor Yngwe Laurell, Educational Director of the Royal Asiatic Society.

Chow Luan, secretary-general of the Peiping Municipal Government, Jan. 7 assumed the post of director of the finance bureau. His former post has been taken over by Kwan Yi-hsien, publisher of the *Shih Pao*, well-known Chinese tabloid paper.

Chen Tung-chi, school teacher of the Cheng Shi Middle School, was arrested by the Shanghai French Concession police Jan. 6, after having been found in possession of a number of Soviet books and photos. Mr. Chen is suspected of having affiliated himself with the Communists.

Mei Lan-fang, famed Chinese female impersonator, announces that he will depart for Europe and the United States on another theatrical tour some time next autumn. Arrangements are now being made between Mr. Mei and the leading theaters in the United States and Europe, for the tour.

John S. Potter, of the China Realty Co., has published in pamphlet form a dissussion of the position of Shanghai real estate, originally published in the *Shanghai Times*. Mr. Potter points to the fact that the population of Shanghai is increasing, as an answer to critics who say that this area is over-built.

Several German professors of the Catholic University at Peiping have filed a petition with the Honan Provincial Government asking that a pension be granted to the family of the late Dr. Alfred Dillens, German professor of Honan university who was murdered in Kaifeng last year.

Rev. and Mrs. G. W. Sheppard departed from Shanghai this week for Australia, where Rev. Sheppard will assume the duties of General Secretary of the British and Foreign Bible Society. Mr. Sheppard had been engaged in educational and religious activities in China for 39 years.

Commander Katsuhei Nakamura, of the Navy Ministry's Naval Affairs Bureau, was appointed Jan. 6 to succeed Commander Masao Nishida as a staff officer of the Third Fleet in China waters. Commander Nishida was simultaneously appointed instructor at the Naval Academy.

The Central Film Censorship Board Jan. 6 was officially informed of the arrival in Shanghai of the original and duplicate copies of two Paramount pictures, "The General Died at Dawn" and "Klondike Annie," which are alleged to have parts detrimental to the dignity of the Chinese people.

A telegram from Mexico City, Jan. 5, stated that Mexico will establish a legation in Shanghai shortly. The Mexican Consul in Shanghai, Mauricio Fresco, who has been on leave in Mexico and the United States since the latter part of September, is now on his way back to Shanghai.

The Hsitan Market, the second biggest commercial establishment in Peiping, was burned to the ground on the morning of Jan. 10, by on of the most disastrous fires ever known in the annals of the old capital. The estimated loss to buildings is $400,000. About 500 stores in the emporium were burned down.

C. V. Starr, president of the American Asiatic Underwriters and director of many companies in Shanghai, and Mary Middleton-Smith were married in San Francisco Jan. 6. The bride is a former Chefoo girl and also resided in Shanghai for some time. Mr. and Mrs. Starr are expected back in Shanghai end of February.

The second public drawing of the 25th Year Recovery Loan was held on Jan. 9, at the Shanghai Chinese Bankers Association, in Shanghai. Payments will being made through any of the offices of the Central Bank of China, the Bank of China, the Bank of Communications and the Central Trust of China throughout the country as from February 28, 1937.

The first policewomen of the Municipality of Greater Shanghai started working Jan. 7. They are attached to various branch police bureaus helping to take census of population and searching pedestrians. Some of them are doing indoor work in the head office of the Police Bureau.

Kuan I-hsien, advisor to the Hopei-Charhar Political Affairs Committee and Managing-Director of the *Shih Pao*, has declined the appointment as Chief Secretary of the Peiping Municipal Government. Chou Li-an, Municipal Commissioner of Finance for Peiping, has been instructed by Lieut.-General Chin Te-shun, Mayor of Peiping, to serve concurrently as acting Chief Secretary *pro tem*.

Miss Anna Leriou, of Shanghai, and Joseph Johann Morang, son of Mr. and Mr. J. Morang of Chicago, were marined at the home of the bride's sister, Mrs. C. A. Bowern, in Shanghai Jan. 9. The Rev. Emory W. Luccock performed the ceremony. Mr. and Mrs. Morang will make their home here. Mr. Morang is sports editor of the *Shanghai Evening Post*.

Charles W. Measor was admitted to practise in the British Supreme Court Jan. 7 by Judge P. Grant Jones. Judge Jones said that he knew Mr. Measor's father for many years, and that it gave him great pleasure to admit his son to practise here. The new member of the British Bar is the son of a former member of the firm of Andersen, Meyer & Co.

Mrs. Stuart Lillico, a former employee of the Shanghai Telephone Company, and wife of a former staff member of the *China Journal*, was seriously injured while skiing near Kusatsu, Gumma Prefecture, Japan, on January 3. Mrs. Lillico was accompanied from Kusatsu to Tokyo by her husband, now a staff member of the *Japan Advertiser*, and her parents, the Rev. and Mrs. C. W. Iglehart, of Aoyama Gakuin.

Among those who were decorated by the National Government on New Year's Day, in addition to those published in *The Review* last week were: Dr. John R. Mott, former Secretary-General of International Y.M.C.A., William M. Chadbourne, President of the China Association of America, Richard C. Patterson, Director of the China Association of America and an influential Democrat, and Fletcher S. Bachman, Secretary-General of the Chinese National Y.M.C.A.

John J. Pasztor, an American with a quarter of a century's experience in the cinema industry, has written to friends in China from Los Angeles that he is shortly coming to China with the script of a proposed filim, "China Marches On," which he hopes to produce as a super-film production, after securing the approval of the Nanking Government. Mr. Pasztor says the story has a "Birth of a Nation" theme, with Dr. Sun Yat-sen as the central figure.

The death occurred in Shanghai Jan. 7 of Mrs. Isabella Tisdall at the age of 93 years. Up until a short time before her death the late Mrs. Tisdall was remarkably active. She celebrated her 93rd birthday on Sept. 22 last, being surrounded by representatives of three other generations of her family, a daughter, a grand-daughter and several great-grand-children. Mrs. Tisdall had a surviving daughter, Mrs. Theodor Meyer, of Munich; a grand-daughter, Mrs. L. Hudec, in Shanghai, and three great-grand-children, the family of Mrs. Hudec.

Yang Jui-shen, 62-year old millionaire Chinese building contractor, was kidnapped shortly before 7 o'clock on the night of Jan. 9 by three armed men as he was returning to his home at House No. 15. Lane 332, Seymour Road. The victim was forced at pistol point to leave his ricsha as it was entering the lane in which his house is located, which is dimly lighted. He was whisked away in a hire car cab, which was found abandoned by the police several hours later near Wansen Bridge, Lunghua Road. Mr. Yang was kidnapped once before some 20 years ago. At that time he was released after paying a ransom of over $10,000.

Shen Chung-yi assumed his new post as Assistant Manager of the China Merchants' Steam Navigation Company in Shanghai Jan. 11.

Fourteen British and American nationals arrived in Shanghai from Sian in a special plane belonging to the Eurasia Aviation Corporation Jan. 11.

As the result of the severe weather in North China, Taku Bar is blocked by huge masses of ice, and steamers are precluded from sailing upriver to Tientsin.

Tientsin cotton merchants suspended trading in cotton Jan. 13 as a protest against the imposition of an additional testing fee on raw cotton by the Tientsin bureau for the examination and testing of commercial commodities.

Leopold Stokowski, conductor of the Philadelphia Symphony Orchestra, will visit Japan this summer. The well-known musician is expected to arrive in Tokyo from Seattle on the m.v. *Hikawa Maru* on May 7. He will later come to China.

Mr. and Mrs. Hollis A. Wilbur returned to Shanghai end of last week from a brief trip in Japan. They spent part of the holidays with their youngest son, Halsey Wilbur, who is now connected with the National City Bank of New York in Kobe.

The death occurred in Shanghai Jan. 5 (suicide by turning on gas) of W. J. Nathusius, aged 28, formerly of *the German-Chinese News* in Tientsin and later an employe of Continental Motors.

Miss Kao Yu-chu, representative of the Miao Tribes (aborigines) in Yunnan province, was received in audience by President Lin Sen at National Government House in Nanking Jan. 11.

W. R. Scott, American consul in Kobe, and Mrs. Scott, who arrived in Japan only recently from Santiago, Chile, where Mr. Scott was secretary to the American Legation, stated in an interview with the *Japan Advertiser* that his new post was secured at his own request.

The late Shao Yuan-chung, former chairman of the Party History Compilation Committee, who was killed on Dec. 13 in Sian during the revolt, will be posthumously honored with a State Burial, according to a decision made by the Executive Yuan at Nanking Jan. 12.

The seventh National Athletic Meet will be held in Nanking on Oct. 10, the Chinese Independence Day, Dr. Chang Po-ling, president of the Nankai University, Tientsin, and chairman of the China National Amateur Athletic Federation, announced in Tientsin, Jan. 11.

A violent earthquake on the night of Jan. 7, which was at first variously reported to have occurred in Central Asia or West China, was later more or less definitely located in Chinghai and southwestern parts of Kansu, according to information from the Central Research Institute of Meteorology.

T. J. Holt (Ho Ting-yen), manager of the Nanking Theater at Shanghai, has been commissioned by the Ministry of Industry to go to Europe and the United States to investigate the motion picture industry. He will shortly sail from Shanghai, going first to the United States and then to Europe.

Loh Pa-hong, prominent Shanghai philanthropist and Catholic leader, received the order of Cam.erier de Cape et d'Epee from the Apostolic Delegate to China, Mgr. Mario Zanin, representing Pope Pius XI, at a ceremony in the auditorium of St. Joseph Hospital Jan. 16. The award, in the form of a sword and a gold neckpiece, which will make Mr. Loh a member of the Papal Court in the Vatican City, is the first one ever to be given to a Chinese or anyone in the Far East.

H. R. Petre, deputy governor of the prison in the International Settlement, committed suicide on the night of Jan. 11 by shooting himself through the temple with a service pistol in his quarters for foreign warders in Alcock Road. The deceased was of British nationality 29 years of age and single. He left no note behind explaining the reason for taking his life.

Large numbers of fishermen in the Swatow and Chaochow area have been thrown into unemployment as a result of the penetration of Japanese fishing interests. Nannao, an island off the Kwangtung coast, which is one of the most prosperous fishing grounds in the area, is said to be worst hit, where most of the able-bodied men, driven by poverty and starvation, have fled from the place.

Public dancing is being frowned upon by Ma Chao-chun, Mayor of Nanking, on the ground that the nation is now confronted with an unprecedented crisis. In a recent press interview Mr. Ma announced that he had ordered the Bureau of Social Welfare to conduct an investigation into reports alleging that all the leading hotels in the capital catering to Chinese or aliens have opened ballrooms. He further declared that he would take joint action with revelant organs to check the spread of the dance craze in the capital.

After spending several weeks in Shanghai and Nanking, Dr. Mortimer Graves, assistant secretary of the American Council of Learned Societies, accompanied by Mrs. Graves and Miss Catherine Graves, proceeded to Japan this werk. While here they were guests of Dr. and Mrs. Esson Gale. Dr. and Mrs. Graves and Miss Graves plan to stay in Japan for several weeks, and then return to the United States.

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New Books of Interest in the Far East

The Struggle for Mastery in the Holy Land

The Battleground Syria and Palestine: The Seedplot of Religion. With 16 illustrations in aquatone and 7 maps. By Hilaire Belloc. Philadelphia: J. B. Lippincott Co., 1936. 337 pages, index. U.S. $4.00.

The Belloc touch in the preface is a necessary introduction to a correct interpretation of this provocative and stimulating book:

"This book needs a brief apology. The writer has not only taken for granted that there is a God, but also design in the Universe and in the story of Mankind.

"He has affirmed a special design in the story of Syria and particularly of Israel, reaching a climax at the Crucifixion. He even seems to imply the Divinity of his Savior.

"All this must sound so unusual today that it may be thought an affectation, deliberately assumed to startle and offend. Such a feeling will be enhanced by the discovery that he takes the Gospel of St. John to have been written by St. John and even allowed some historical value to the Old Testament.

"The sole excuse he offers for his extravagance is that the present generation is tolerant of novel ideas, and that therefore he may hope for indulgence."

With the past months of activity in Palestine the age-old question of attack from the eastern desert area continues. The new land frontier is an arbitrary line corresponding to nothing in nature. Belloc shows this land frontier as a potential menace to the strategic position of British policy, which since the later 18th century has avoided land frontiers. The Zionist movement is seen as but one episode in the ever-recurring struggle for possession of Palestine. The Jewish advance there can continue only so long as there is peace and so long as the English protect the movement. If British policy should change, then the Jewish state in Palestine will be but one more instance of the return of the desert. The reason will be deep in religion, asserts Belloc. Religion is the strength of the Moslem Arab. It is not religious faith which is setting up a Jewish state in Palestine. The power grounded in religion is the power that will prevail.

The battleground which forms the theme of the book is shown to be a divinely chosen place of human destiny. From the time of Abraham, about twenty centuries B.C., the records for this area are continuous, one city Damascus in the first record being a living place today. There in the story of Abraham is seen the great oriental contribution to the Christian religion—the one True God. The Egyptian occupation of Syria is likened by Belloc to the ploughing which prepared the ground for the coming of the Twelve Tribes of Israel and their conviction of spiritual supremacy as a chosen people. During these three hundred years Syria became known to the Mediterranean world.

The author maintains that only two foreign cultures have affected Syria, the Egyptian and the European, the latter through the Greeks, through the French crusaders and through mercantilism. The Mesopotamian domination was to end in the captivity of the tribes of Judah, and this Mesopotamian control was to continue up to the creative and fundamental change made by the Greek invasion under Alexander, at the end of the fourth century B.C. With the decline in the Greek Syrian power, that is the decline of the Seleucid dynasty, there rose again the Jewish kingdom under the Maccabees who were to hold the nation together until the coming of the Messiah. With the coming of the Messiah the Jewish nation's task was accomplished. "Then had been accomplished fulness under the name of Rome, and the world was one."

The chapter devoted to retelling the story of Christ, the first years of Christian development and the conflict within the early church over the subject of the Incarnation are a fresh and stirring account of the meaning of the religious experiences of the first centuries of this era in the western world.

Belloc then interprets the coming of Islam, the Return for the Desert, he calls it, as a heresy which swept in upon Christendom —upon a Christian society itself divided by heresies. The author considers this Arabian conquest of the Mediterranean world to be the most startling change in all our records, considered by its extent, rapidity and success. Despite the Mohammedan conquest the Christian touch with Palestine was not lost until the coming of the Seljuk Turks. In the Crusades the men of the west sought to make their final and fruitless effort to recover Syria from the men of the desert.

"If all this be but blind sequence, never was chance more like design." Mr. Belloc's certitude of design in the Universe and of a final Christian unity have given meaning to the history of one of the world's most strategic areas. Not history only, but the religious meaning of life itself, is his first concern.

F. M. R.

Booklets on the Pacific Problem

Clash in the Pacific, by T.A. Bisson and R.A. Goslin; America Contradicts Herself, by R.Y. Goslin and W.T. Stone; War Drums and Peace Plans, by Raymond L. Buell and R.A. Goslin. Pamphlets published by the Foreign Policy Association, distributed by Grosset & Dunlap, N.Y., 1936.

One of the effects of the depression and the subsequent sharpening of international rivalries was to whet the popular appetite for knowledge of political, economic and social phenomena. Yet, while the number of books on such topics has been large, most of them have been intended for the literati, already endowed with necessary background. Works catering to the Man-In-The-Street have been few and usually worthless. To fill this deficiency, the Foreign Policy Association undertook to publish a series of pamphlets to be known as the "Headline Books."

Each of the booklets is written by an authority in the field. The authors aim not only to give the background of current developments and trends, but also to stimulate discussion by asking leading questions. Each book is beautifully illustrated by cleverly designed political and economic maps and numerous diagrams.

The pamphlet dealing with the "Clash in the Pacific" makes a brief analysis of the resources, needs and aims of China and Japan and suggests several future possibilities: ". . . that Japan will continue her expansion program unchecked, that China may be roused to defend herself, that one or another of the Western powers will challenge Japan's advance, or finally, that a solution will be found through collective action to prevent further war and guarantee lasting peace."

The booklet incidentally takes an uncharitable view of the Nationalist Government, declaring that "the program of the Kuomintang to throw off foreign domination has lost all real strength. The Nanking Government has not hesitated to accept help from the foreign powers in its fight against the Communist movement. Since 1931 the Chinese capitalist-land-owning groups, which support the Nanking regime, have seemed more afraid of internal revolt than the outside enemy. Lacking popular support and military strength, Nanking has lost Manchuria and is today watching Japan take over North China."

The pamphlet "America Contradicts Herself" attempts to show the role played by the United States in world politics. The "War Drums and Peace Plans" analyses the influences leading to international war and suggests a number of plans for maintaining universal peace. The booklets are recommended reading.

M.

The Present Position of the American Petroleum Industry

American Petroleum Industry: A Survey of the Present Position of the Petroleum Industry and its Outlook Toward the Future. 1936. 229 pages, index.

Petroleum, The Story of an American Industry. 1935. 93 pages.
Petroleum Drilling and Production. Chart.
Petroleum Production. Chart.
N. Y. American Petroleum Institute, 50 West 50th Street.

The threat of legislation directed against the petroleum industry in the United States has resulted in a popular appeal to the people of the country through "informative" literature sent out by the American Petroleum Institute. The material listed above is available to interested persons.

Adventures of Two Chinese Children

Wong Wing Wu and Ginger, Adventures of two Chinese children, by Ian and Ruth Macnair. Artists and Writers Guild, Inc., Poughkeepsie, New York.

Those two books are quaint sketches of the lives of two little Chinese boys, Wong Wing Wu and Ginger, and are vividly illustrated throughout, which greatly enhances the value for the young of any nationality.

Ginger, is the story of a little Chinese boy named Pung Kee, who was forced to make ginger his main diet along with his bowl of rice, because the ginger plant grows more plentiful in China than in most countries. So he had to eat more ginger than he cared for, as he went from one adventure to another. Wong Wing Wu is the story of the life of one of the millions of little Chinese boys, who are born, live and die on sampans, the boats where whole families in China spend their lives, cruising up and down the canals and waterfronts.

M. P. W.

Agricultural Research Bureau Issues Pamphlets

The National Agricultural Research Bureau of the Ministry of Industry at Nanking has issued pamphlets on: "A Coordinated Program of Wheat Breeding in China," by T. H. Shen; and "Recent Trend in the Study and Control of Rice Borers in China," by Tsai Pang-hwa.

History of American Foreign Relations

A History of American Foreign Relations. By Louis Martin Sears, Ph. D. Professor of History in Purdue University. 3rd edition, revised and enlarged. New York, Thomas Crowell, 1936. 706 pages, index. $3.50 American currency.

The third edition of this book reviewed last year in these columns brings the chronological tables up to December 1935 and adds several pages on the policies of Franklin D. Roosevelt. Additional material has also been added to the bibliography.

D. R.

Edward the Abdicator, or Wallis in Wonderland, is the name of a pamphlet issued in Shanghai by George M. Battey. It is devoted mainly to a history (together with clippings from newspapers and magazines all over the world) of the relations between ex-King Edward, his government, and Mrs. Wallis Simpson. The published price is $3.00, Chinese currency.

"Shanghai's Japanese Community" is the title of an article published in the December (1936) issue of *Contemporary Japan*, published by the Foreign Affairs Association of Japan. It describes the growth of the local Japanese community, its activities and aims. It was written by "Shanghai Resident."

German Writer Says Modern Japanese Culture Is a Hodgepodge

Dr. Lily Abegg's most recent publication, *Yamato, der Sendungsglaube des Japanischen Volkes*, is "a challenge to the present-day culture in Japan," which, in her opinion, is no culture at all. An attempt to combine the old with the new has resulted in a hodgepodge which can be neither admired nor applauded because of its sameness with the culture of other nations and, she asks, how will Japan get over its present troubles by means of this new phenomenon?

Only politics and economics remain Japanese, Dr. Abegg, who is correspondent of the *Frankfurter Zeitung*, told the *Japan Advertiser*. But the present-day part, poetry, literature and industry are too westernized to be called the results of true Japanese culture. She makes an example of the silk and cotton weaving industry and points out that none of the results achieved can be compared with those of the 18th century. Things today are made for the masses. Therefore, there is no attempt at individuality or rare beauty.

International Press Club of Tientsin Elects New Officers

Newly-elected officers of the International Press Club of Tientsin are: Dr. Charles J. Fox, President, Stephen Wang, Vice-President, M. Yanagi, Treasurer and Earl H. Leaf, Secretary. A Chinese dinner and dancing party is being planned for Feb. 18, the Club's first anniversary. At the last business meeting a resolution was passed urging the Ministry of Communications to issue R.T.P. cards usable for whole provinces instead of merely four cities, which requires scores of press cards to cover any given section of the country where stories are likely to break. A second resolution to take steps demanding improved telephone service between Tientsin and Peiping was unanimous approved also. The Club also decided to ask the Japanese Military Headquarters to resume its weekly press conferences, and for the Mayor's Office to hold fortnightly press conferences.

Criminality Increases Among Local Japanese—S. M. Police Blamed!

Criminality among local Japanese residents in Shanghai is on the increase, the annual Consular police report published Jan. 5 stated. A marked growth was recorded in the number of violations of Foreign Office ordinances, which, principally, prohibit the sale and possession of narcotics. Against 24 cases in this category in 1934, 23 in 1935, last year brought a bumper crop of 173, leading to 171 arrests.

Infringements of Consular ordinances, which cover petty offences such as walking on the streets barefoot, led the list of cases brought to the attention of the police. They totalled 495.

In an effort to rid Shanghai of its name of a "Devil City," the Shanghai Municipal Police should seek to obtain the co-operation of the international community in making the activities of the force better known and in spreading the idea of preventive police, in the opinion of the *Shanghai Mainichi*.

"The biggest issue confronting the S.M.P. is to rid the city of such gangsters. And in order that Shanghailanders may live in peace and make their surroundings bright, the municipal authorities should seek to surmount all difficulties in their way and wipe out these vicious conditions in accordance with the terms of the law," the *Mainichi* added.

CHINA UNITED PRESS PUBLICATIONS.

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5. THE CHINESE RAILWAYS, By Cheng Lin,
   (Out of Print; 2nd Ed. in preparation.)
6. THE NEW SOCIAL ORDER IN CHINA, By T'ang Leang-Li,
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CHINA UNITED PRESS, 299 Szechuen Road, Shanghai. Agents in Malaya, Aw Brothers, Ipoh, F. M. S.

Japan's Major Colonial Experiments Fail to Bring Satisfactory Dividends

Japan's major colonial experiments in Korea and Formosa are bringing in far from satisfactory dividends to the Island Empire, according to the *Far Eastern Survey* of the American Council, Institute of Pacific Relations.

Analyzing the liabilities, as well as the assets, involved in Japan's relations with her two major colonial undertakings of long standing, Catherine Porter, managing editor of *Pacific Affairs*, points out that "as colonial areas to provide new homes and livelihood for Japanese, Korea and Formosa have completely failed.

"In Korea, with a population of over 21,000,000, less than 3% are Japanese and in Formosa, which has a population of slightly over 5,000,000 only 5% are Japanese. The two areas together, over periods of from 25 to 40 years, have not yet absorbed as many Japanese as are added to the population in Japan proper within one year.

"Moreover, there are now 500,000 Koreans in Japan where they are competing in the labor market with the Japanese.

"As markets, the two colonies have been of great value to Japan, since they have come to absorb 24% of Japan's exports and supply 24% of the latter's imports. But it is apparent that Japan could have secured elsewhere some of the raw materials it imported from those areas—and at an appreciably lower cost to the consumer. Further, colonial raw materials are now competing with those of the home country with results as unfortunate as though the competition came from abroad.

"Korea and Formosa exported to Japan almost 14,000,000 koku of rice last year. This is about one-fifth of the production in Japan proper and only a sightly lower proportion of the total amount consumed in Japan annually. This rapid increase in colonial rice production has presented an entirely new problem. The rice, produced at lower cost than in Japan proper, has brought prices to a depressing level and has led to further complications in the long-standing problem of rice-control in Japan. As a result, the interests of the people in Japan are clashing not only with those of the native colonial farmer, but also with those of the Japanese merchants, investors, landowners and farmers within the colonial area.

"A new importance of the two areas may be seen—Korea as a connecting link with Manchukuo and the northern provinces of China; Formosa as a base of operations in the South Seas and perhaps as a base for exploiting South China. Japan's financial resources are already strained to the danger point, yet she is still seeking to acquire more territories for exploitation. It is questionable, however, whether the country can meet additional burdens and whether it can make new experiments pay, in terms not only of its own welfare but also the welfare of the peoples who will come within its domain," concludes the Survey.

Belated News of Wholesale Arrests in an Anarchist Conspiracy in Japan

Three hundred and ninety persons were arrested by the Tokyo police on charges of having participated in an alleged nation-wide rural anarchist conspiracy unearthed in February 1935, the lifting of a publications ban in the Japanese capital Jan. 11 revealed.

Thirty-three persons were indicted for violation of the Peace Preservation Law, which provides penalties ranging from five years in prison to death for those convicted of organizing societies aiming at changing the type of Government and up to 10 years of hard labor for persons conspiring to abolish the system of private ownership.

Preliminary hearings of all defendants were concluded late last year, revealing, according to the judicial authorities, a closely-knit organization operating in 20 out of the 47 Japanese prefectural and regional administrative areas. The aims of the organization, the indictments charge, was to precipitate armed peasant uprisings as a prelude to a revolution for the creation of an anarchist state. This would have consisted of a loose federation of autonomous scattered administrative units based on the village as a unit.

Members of the organization, the authorities allege, had organized themselves into bands of robbers and thieves to secure funds, while another group proceeded to Shanghai to purchase the necessary arms. The conspiracy, according to official sources, had its origin in the Farm Youth Society, a secret organization, formed in Tokyo in February 1931. The society broke up in September 1932 but its members continued their activities branching out in rural districts. Because of the catastrophic fall in the price of silk cocoons that year, they were able to find many adherents, principally in Nagano Prefecture, the authorities declared.

It was from Nagano Prefecture that the police secured the first clues of the existence of the organization almost two years ago.

Anarchist tenets (as *Domei* points out) provide for complete political liberty—an absence of laws—rather than coercive government to achieve a state of social harmony.

Japanese Foreign Office to Expand "Cultural Diplomacy"

Cultural diplomacy, principally student exchange, outright scholarships, student tours and establishment of an international house, will be expanded by the Foreign Tokyo Office this year, according to the *Hochi*. A student-exchange arrangement with Italy is near completion, and students already have been selected by France and Poland. Proposals are to be made to the United States, Britain, Germany, Hungary and Czechoslovakia. Two students from Mexico for fishery research and more than 10 from Argentina and Brazil will be invited to Japan during 1937. At present six Afghans, one Indian and one American-born Japaese are studying in Tokyo under the auspices of the Foreign Office. Another scheme contemplates subsidization of an inspection tour of Chilean and Brazilian students in March.

Dr. O. C. Lockhart Seriously Injured by Broken Glass

Dr. O. C. Lockhart, American Associate Chief Inspector of the Salt Administration, was seriously injured during the night of Jan. 8 when he stumbled on coming out of the Columbia Country Club in Shanghai and rammed his arm through the glass entrance door in such a way that the arm was cut.

A tourniquet was hastily made to stay the blood that poured from the wound and later Dr. Lockhart was rushed to the Country Hospital where he is now suffering from great loss of blood. Under the best circumstances Dr. Lockhart will not be able to leave the hospital this week.

Body of 19-Year Old Daughter of British Ex-Consul Found Mutilated Near Peiping Wall

The mutilated body of Pamela Werner, 19 years old, the only child of E.T.C. Werner, formerly of the British Consular Service in China, was found in a deep ditch, 250 yards from her home, on a lonely street running along the 50-feet Tartar City wall, Peiping, Jan. 8. The 72-year-old father recognized the ghastly corpse by a torn skirt found near the body and the girl's watch, which still remained on her wrist.

It is forecast that the evidence in the case will show that she was the victim of one of the most fiendish crimes imaginable. Evidence on the autopsy will, it is learned from reliable sources, reveal that not all the mutilations, if any at all, were due to dogs, but that they were carried out indoors, the body being disposed of later in the ditch where it was found. All the investigations are now in the hands of Colonel Han, chief of police in the south-east section of Peiping.

Articles belonging to the dead girl, which are still missing, include her bicycle, skates, hat, coat and all her underclothing, not a single item of which has been located.

Pamela Werner was last seen alive by her father at 5.30 on Thursday afternoon, when she said she was going to have tea with an old school friend, and then go on to the French Club rink to skate. She said good-bye to her father and proceeded on her way by bicycle. Her ride homeward would have led her along an ill-kept dirt road running at the foot of the City wall. It was in a wide ditch between the road and the wall, which could not be seen by passing motor-cars, that her body was found.

An arrested suspect is stated to be an Englishman.

Does Your Baby Cry After Meals?

Because a baby cries after his feed it does not necessarily mean that he needs more food; in most cases the crying is caused by indigestion through over-feeding.

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YANG HU-CHENG DEFIANT TOWARD NANKING'S REORGANIZATION; RED LEADERS DOMINATE SHENSI CAPITAL

(*Continued from page* 230)

Wang emphasized. He added that no date has been fixed for his meeting with Gen. Chiang Kai-shek.

Mr. Wang passed through Manila in the German liner *Posdam* Jan. 10 en route to Shanghai, accompanied by his wife. After lunching at the Palace with Don Manuel Quezon, President of the Philippines, Mr. Wang told newspapermen that there was no likelihood of his beng elected President under China's proposed new Constitution. "There are other more capable leaders than I," he added. Mr. Wang expressed optimism concerning the recent Sianfu revolt. Though regarding the situation as serious, he declared that it was only an incident which would probably be settled in due course. China was sincere, Mr. Wang said, in her desire to cooperate with Japan and was only waiting for Japan to show the same attitude. Asked on what basis cooperation between China and Japan could best be achieved, Mr. Wang replied:

1. On the resumption of diplomatic relations through normal channels and not through military representations;
2. On the basis that Chinese rights of soverigenty must be respected and;
3. On the return of Manchurian territory to China.

Mr. Wang arrived at Singapore Jan. 7. He stated that he would seek pardon from the National Government for those involved in the attempt on his life on Nov. 1, 1935. Mr. Wang's statement was made following the receipt of the news that two of the suspects will be sentenced to imprisonment in Nanking. He praised the administrative progress achieved by the Central Government since General Chiang Kai-shek assumed the presidency of the Executive Yuan, and urged the whole nation to support the policy of the government.

KWANGSI INVESTIGATION PARTY ARRIVES, SAYS GENS. LI AND PAI COMING NORTH FEBRUARY

Composed of eight members, the Kwangsi Investigation Party arrived at Shanghai Jan. 11 from Hongkong aboard the French liner *Jean Laborde* for a visit before proceeding to other cities. The party was headed by General Chang Jen-min, Chief of Staff of the Kwangsi Pacification Commissioner's Headquarters. In the course of an interview granted to a representative of the *Central News Agency*, General Chang said that the chief mission of the party was to investigate military and industrial conditions in various parts of the country. The length of time for their investigation is tentatively fixed at three months. General Li Tsung-jen, Pacification Commissioner for Kwangsi, and General Pai Chung-hsi, member of the Military Affairs Commission, according to the leader of the party, have decided to come north early next month to attend the forthcoming plenary session of the Central Executive Committee. The members of the party are Liang Chao-chi, member of the Kwangsi Provincial Government, General Tan Lien-fang, Commander of Border Defence of Kwangsi, General Wang Chang-pin, Commander of the 44th Division, Brigadier-General Wang Hsun-chih, staff officer, Col. Yin Cheng-kan military officer, Col. Kiang Shou-sheng and Col. Huang Hsueh-li, staff officer.

CHEN MIN-CHU SUDDENLY ARRIVES AT HONG-KONG FROM ABROAD

General Chen Min-chu, former commander of the 19th Route Army, suddenly arrived at Hongkong Jan. 8 aboard a French liner, reported *Ta Kung Pao* Jan. 9. It is not known, however, as to the locality from where General Chen returned.

"PSYCHOLOGICAL NATIONAL DEFENSE" URGED BY LIN SEN

"Psychological national defense" should be employed side by side with military defense by China to resist foreign aggression, declared Lin Sen, Chairman of the National Government, at the Weekly Memorial meeting Jan. 11. To lay the groundwork for the "psychological national defense", the Chief Executive declared that the Chinese people should:

1. Realize the dangerous situation now confronting the country;
2. Establish a common belief on the basis of the Three People's Principles; and,
3. Restore self-confidence and self-respect of the Chinese nation.

Earlier press reports that the 70th birthday anniversary of Lin Sen, chairman of the National Government, falls on the lunar New Year's Day, Feb. 11, were formally denied by the Chief Executive Jan. 8. In a communique to the *Central News Agency*, the Civil Affairs Department of the Ntaional Government stated that Mr. Lin's birthday does not fall on the lunar New Year's Day, adding that it is Mr. Lin's wish that the nation should not waste time and energy over such a trivial matter.

CUSTOMS NOTIFICATION NO. 1561

With reference to Customs Notifications No. 1427 and 1448, the public is now informed that the Government has approved a revised set of regulations for the marking of weights of heavy steamer-borne packages or articles, a copy of which is appended hereto.

These regulations will be enforced forthwith.

CHU CHANG-NIEN,
Superintendent of Customs.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 12th January 1937.

REVISED REGULATIONS GOVERNING MARKING OF WEIGHTS OF STEAMER-BORNE PARCELS AND PACKAGES.

Article 1.—When parcels or articles, the weight of which exceeds 1,000 kilogrammes per piece, are shipped by sea-going or inland waters vessels, their weight shall be clearly marked on them by the consignor before loading. For bulky or heavy articles, such as timber, iron, and stone, etc., the weight of which for special reasons cannot be definitely ascertained, the consignor shall mark the approximate weight on such articles in accordance with the above ruling. The marking may be in the form of a label, the size of which must not be less than 40 centimetres in width and 60 centimetres in length, and it must be durable, clearly marked, and securely affixed on the parcel or article.

Article 2.—The marking shall be done in Chinese characters, but for parcels or articles for exportation abroad, arabic figures and the symbols for kilogrammes may be used instead.

Article 3.—When parcels or articles, whose weight has not been marked in accordance with Article 1, are discharged, the captain of the steamer or other responsible person shall report the approximate weight of such parcels or articles to the stevedores.

When parcels or articles, whose weight exceeds 1,000 kilogrammes per piece, are imported from abroad without their weight being marked on them, the Customs shall report the number of packages, weight, and port of shipment to the **Ts'ai-chêng** Pu, for transmission to the Shih-yeh Pu.

Article 4.—Should the consignor be an organisation having the legal status of an individual, or should he be unable to act, the responsibility defined in these regulations shall be assumed by his representative or his legal agent.

Article 5.—These regulations shall be put into effect on the date of promulgation.

National Government Confers New Year Decorations

On the occasion of the New Year, Mandates were issued by the National Government conferring decorations on numerous civil officials and officers of the National Land, Naval and Air Forces.

Three kinds of decorations were conferred, namely, the *Yun-Hui Hsun-Chang* (Order of the Celestial Banner); the *Pao-Ting Hsun-Chang* (Order of the Sacred Tripod); and the *Tsai-Yu Hsun-Chang* (Order of the Brilliant Jade). The Mandates follow:—

Order of the Celestial Banner

(A)—Pai Chung-hsi (member of the Standing Committee of the Military Affairs Commission) is awarded the *Yun-Hui Hsun-Chang* (Order of the Celestial Banner), *First Class*.

The following 6 officers were awarded the *Yun-Hui Hsun-Chang* (Order of the Celestial Banner), *Second Class*:—Yang Chieh, Vice-Chief of the General Staff; Hsiung Pin, Vice-Chief of the General Staff; Chen Chi-liang, Political Vice-Minister of the Navy and concurrently Commander of the 1st Naval Squadron; Wu Ssu-yu, Vice-Director of the Administrative Office of the Military Affairs Commission; Chou Ya-wei, Assistant Inspector-General of Military Training; Chang Hua-fu, Assistant Inspector-General of Military Training;

The following 9 officers are awarded the *Yun-Hui Hsun-Chang* (Order of the Celestial Banner), *Third Class*:—Chen Li-fu, member of the Standing Committee of the Central Executive Committee; Yang Tuan-liu, Director of the Auditing Department of the Military Affairs Commission; Li Pin-hsien, Chief-of-Staff (Kwangsi) of the 5th Route Army; Hsia Wei, Commander of the 15th (Kwangsi) Army; Liao Lei, Commander of the 7th (Kwangsi) Army; Wei Yun-sung, Defence Commissioner for the Lungchow (southern Kwangsi) Border; Chou Tsu-kwang, Commander of the 19th (Kwangsi) Division; Wang Tsan-pin, Commander of the 44th (Kwangsi) Division; Chang Jen-min, Superintendent of the Wuchow Customs.

A total of 97 officers are awarded the *Yun-Hui Hsun-Chang* (Order of the Celestial Banner), *Fourth Class*. Among those on the list are:—Chien Chang-chao, Administrative Vice-Minister of Education; Chou Chun-yen, Director of the Commissariat Administration of the Ministry of War; Yu Ta-wei, Director of the Arsenal Administration of the Ministry of War; Hsu Kuo-chen, Inspector of Infantry Forces of the Inspectorate-General of Military Training; Wang Kao-chi, Inspector of Cavalry Forces of the Inspectorate-General of Military Training; Wu Ho-hsuan, Inspector of Engineering Forces of the Inspectorate-General of Military Training; Chang Ching-hsiu, Inspector of Artillery Forces of the Inspectorate-General of Military Training; Li Chung-liang, Inspector of Commissary Forces of the Inspectorate-General of Military Training; Kuei Yung-ching, Commander of the Training Corps of the Central Military Academy; Tsou Tso-hua, Principal of the Artillery Academy; Chu Shao-chou, Director of the Loyang branch of the Central Military Academy and Garrison Commander for the Kunghsien-Loyang Area, western Honan; Liu Shao-hsien, Director of the Kunming (Yunnanfu) branch of the Central Military Academy; Li Ming-hao, Director of the Chengtu branch of the Central Military Academy; Hsieh Kang-che, Commander of the 3rd Naval Squadron.

41 officers were awarded the *Yun-Hui Hsun-Chang* (Order of the Celestial Banner), *Fifth Class*. Among those on the list are:—Mao Pang-chu, Principal of the Air Defence Academy; Yen Yu-tsung, Chen Cho-lin, Chang Yun, Tan Shou, Ting Chi-hsu, Tao Tso-te, Hsieh Mou, Ao Yuan-ching, Ma Ting-kuei, Ho Ching-wei, Kuo Han-ting and Ning ming-chieh, Squadron-Commanders of the Air Forces.

7 officers were awarded the *Yun-Hui Hsun-Chang* (Order of the Celestial Banner), *Sixth Class*; and 4 officers, the *Seventh Class*.

Order of the Sacred Tripod

(B).—The following 3 officers were awarded the *Pao-Ting Hsun-Chang* (Order of the Sacred Tripod), *Fourth Class*:—Hua Chen-lin; Ssu Li; Shih Tsu-te.

Order of the Brilliant Jade

(C).—Madame Chiang Kai-shek, wife of the President of the Military Affairs Commission,—the only woman receiving the highest honor—is awarded the *Tsai-Yu Hsun-Chang* (Order of the Brilliant Jade), *First Class*.

The following 18 officials are awarded the *Tsai-Yu Hsun-Chang* (Order of the Brilliant Jade), *Third Class*:—Tao Li-chien, Political Vice-Minister of Interior; Chang Tao-fan, Administrative Vice-Minister of Interior; Tsou Lin, Political Vice-Minister of Finance; Hsu Kan, Administrative Vice-Minister of Finance; Liu Wei-chi, Political Vice-Minister of Industry and Provincial Commissioner of Reconstruction for Kwangtung; Chou I-chun, Administrative Vice-Minister of Industry; Tuan Hsi-peng, Political Vice-Minister of Education; Chien Chang-chao, Administrative Vice-Minister of Education; Peng Hsueh-pei, Administrative Vice-Minister of Communications; Tseng Yung-fu (T. K. Tseng), Administrative Vice-Minister of Railways; Chao Pei-lien, Vice-Chairman of the Mongolian and Tibetan Affairs Commission; Chou Chi-kang, Vice-Chairman of the Central Overseas Affairs Commission; Hung Lu-tung, Political Vice-Minister of Judicial Administration; Hsieh Chien, Administrative Vice-Minister of Judicial Administration; Chen Chih-shih, Political Vice-Minister of Audit; Wang Tzu-chuang, Political Vice-Minister of Official Personnel Ranking; Ma Hung-huan, Administrative Vice-Minister of Official Personnel Ranking; Shen Shih-yuan, Vice-Chairman of the Examination and Selection Committee under the Examination Yuan.

Chen Hui-te (K. P. Chen), General Manager of the Shanghai Commercial and Savings Bank, was awarded the *Tsai-Yu Hsun-Chang* (Order of the Brilliant Jade), *Third Class*. Ku I-chun, Counsellor of the Executive Yuan, and Kuo Ping-wen, Director of the Foreign Trade Bureau of the Ministry of Industry, are awarded the *Tsai-Yu Hsun-Chang* (Order of the Brilliant Jade), *Fourth Class*. (Three four persons were members of the Economic Mission of America).

American Chamber of Commerce Will Hold Inaugural Party

In accordance with the policy of the American Chamber of Commerce to take advantage of occasions of special interest to its members, there will be held at the Shanghai American Club on the night of Jan. 20 an Inaugural Party. Special arrangements are being made at the American Club, and everything is being done to insure an as-nearly-as-possible perfect reception of the Inaugural Ceremony and the President's Inaugural Speech, which will be broadcast from the steps of the Capitol, Washington, D. C., 12 o'clock noon, Wednesday, January 20 (Shanghai, 1:00 a.m., January 21). Preceding the broadcast there will be a reception followed by a buffet supper and a round-the-world radio musical program. Admission will be $2.25 per individual, which is to cover the cost of the buffet supper to be served by the American Club at midnight, Wednesday, Jan. 20.

Nanking Intensifies Compulsory Labor Program

Central News states that a total of 140,000 people, representing approximately one-seventh of the Nanking metropolitan population will be enlisted in labor service for this year. According to a comprehensive compulsory labor program announced by the Nanking City Government, the labor recruits will be employed in dredging the Chinghuai River and other water conservancy work, which will be formally started on January 15.

Sensational Jail Break in Tsitsihar

News of a sensational jail break at Tsitsihar, north-west of Harbin on Dec. 31, came to light, with the lifting of the press ban on the occurrence by the "Manchukuo" authorities in Tokyo Jan. 9. With the connivance of certain "Manchukuo" jailors, 103 prisoners of the military jail suddenly rose on New Year's eve, captured 3 warders, killed a native interpreter, cut off the telephone and, arming themselves with 22 rifles and 1,000 rounds of ammunition, escaped into the countryside. Aided, however, by Japanese and "Manchukuo" troops, the local police by January 5 had rounded up 65 of the escaped convicts 52 of whom, including the ring-leader, a bandit chief named Fang Hsien, were executed by a firing squad at the military cemetery. The remaining 38, of whom nothing has been heard since their escape, are believed to have been either frozen or starved to death in the snow-covered countryside.

British Captain Shot By Cabin Boy in Hongkong

C. L. Campbell, British captain of the Customs cruiser *Cheungkong*, was shot dead by his cabin boy who ran amok while the cruiser was in Hongkong waters on the morning of Jan. 11. The Chinese Chief Officer was also seriously wounded. It is believed that after the shooting the cabin boy took his own life. Captain Campbell was a native of Bognor, Sussex.

U.S. Supreme Court Approves Retroactive Tax on Silver Profits

The United States Supreme Court Jan. 11 approved the action of Congress in levying a tax of fifty per cent on speculative silver profits during the period preceding the passage of the Silver Purchase Act of 1934.

Dr. J. E. Baker Returning to China as Executive Secretary of China International Famine Relief Commission

Dr. John Earl Baker, newly appointed excutive secretary of the China International Famine Relief Commission, sailed for China from Seattle on January 12. Upon his return to China, Dr. Baker will assume his duties as executive secretary of the China International Famine Relief Commission, and will most likely make his headquarters in Shanghai.

Dr. Donald Roberts Will Sail for United States on Vacation January 22

Dr. and Mrs. Donald Roberts of St. John's University, accompanied by their children, are planning to depart on Jan. 22 for the United States on vacation. They will return to Shanghai in the autumn.

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17¼	9⅝	0.35	Adams Express	17¼	17⅝
137½	110	4.00	American Can	119½	117½
40¾	29¼	0.60	American Cyanamid "B"	34⅝	34⅞
9¾	6⅝	—	American & Foreign Power	8⅝	9⅛
61¼	29⅜	—	American & Foreign Power $7 pfd.	60	62
27⅝	18⅜	0.60	American Radiator	26¼	26½
189¼	149½	9.00	American Tel. & Tel.	184⅝	184⅜
104	88½	5.00	American Tobacco "B"	97½	98
27⅝	19⅛	0.80	American Waterworks	27¼	29
57⅜	28	1.00	Anaconda Copper	57⅝	56½
88½	59	2.00	Atchison, T. & S. Fe	74⅝	73½
54¼	26⅝	—	Auburn	31	31
26½	15⅞	—	Baltimore & Ohio	22½	22½
77⅜	45⅜	1.50	Bethlehem Steel	76¼	76⅛
37⅛	16⅞	—	Boeing Airplane Co.	37½	36⅜
16	10⅜	—	Canadian Pacific Railway	15¼	15⅛
186	92½	4.00	Case, J. I.	150½	152
49¾	34	1.40	Chase National Bank	49⅝	49⅜
100	59	3.00	Chesapeake Corp.	86⅞	87
77½	51	2.80	Chesapeake & Ohio	67½	67¼
137⅝	85½	12.00	Chrysler	119	118⅝
23⅜	14	0.60	Columbia Gas & Electric	19¼	19¼
24⅝	14¼	0.60	Coml. Solvents	18⅜	18¾
5½	2¼	—	Commonwealth & Southern (ord.)	3⅞	4
48¼	27¼	2.00	Consolidated Edison	46½	47⅜
17	11½	0.80	Consolidated Oil	16⅞	16⅜
45	28¼	1.00	Continental Oil	44¼	44½
82½	63⅝	3.00	Corn Products	69⅜	69⅜
82¼	50⅝	—	Douglas Aircraft	74⅝	73⅜
184½	133	3.60	Du Pont de Nemours	179½	179½
27	15⅜	—	Electric Bond & Share	26¼	27⅜
56⅜	34½	0.90	General Electric	56⅜	57⅜
44	33⅜	1.80	General Foods	39⅜	39⅝
76⅝	53⅞	2.00	General Motors	66⅜	65⅝
61	32½	1.00	General Railway Signal	59⅜	59⅜
35	13⅝	1.00	Goodrich (B. F.)	32⅝	32⅝
31⅝	21⅝	—	Goodyear Tire & Rubber	29⅞	29⅜
80	57	1.00	Humble Oil	79½	80⅛
66	43¼	1.60	International Nickel	64⅝	64⅝
19¼	11⅛	—	International Tel & Tel.	12¼	12⅜
64	28¼	1.70	Kennecott	64	62¼
67	43	2.00	Loew's Inc.	67	69½
26½	21⅛	1.20	Lorillard	23⅛	23⅛
103	79	1.00	Monsanto Chemical	97½	98½
68	35⅜	2.00	Montgomery Ward	56¼	56⅜
44⅜	32	1.00	National City Bank	43⅞	43⅝
28¼	21	1.20	National Dairy Prods.	23⅜	23½
33⅜	25⅜	2.00	National Distillers	28⅝	28⅝
14⅞	9⅝	0.60	National Power & Lt.	13⅝	14¼
49⅝	27⅜	—	New York Central	42⅞	42⅜
35½	23½	1.00	North American	32⅝	33⅝
41	30⅜	2.00	Pacific Gas & Electric	37⅞	38
58⅜	46⅜	3.00	Pacific Lighting	52½	52⅛
13⅜	6⅝	0.45	Packard Motors	10⅜	11
45	28¼	2.90	Pennsylvania Railroad	41⅜	41½
52⅜	38⅛	1.00	Phillips Petroleum	51⅞	52
50⅜	39	2.40	Public Service of N. J.	50⅜	51
14¼	9⅜	—	Radio Corporation of America	11⅛	11½
60⅜	50	3.00	Reynolds Tobacco "B"	57⅜	57½
55⅜	37⅜	3.00	Schenley	44½	44⅜
101¼	59⅝	2.00	Sears Roebuck	84⅛	85⅛
17⅜	12½	0.70	Socony-Vacuum	16⅜	16⅜
32½	25	1.50	Southern California Edison	30⅝	31⅜
47⅛	23½	—	Southern Pacific	47¼	46⅞
18	14⅜	0.80	Standard Brands	15½	15½
11⅞	5¼	—	Standard Gas & Electric	11⅞	13⅜
70	51⅛	1.00	Standard Oil Co. of N. J.	68⅝	68⅞
78½	65	3.80	Sterling Products	72⅜	73¼
44⅓	33	2.00	Texas Gulf Sulphur	41⅞	42⅜
18	11	0.40	Transamerica	16⅝	16⅜
104⅜	71⅜	2.80	Union Carbide & Carbon	104	103⅜
149⅜	108½	6.00	Union Pacific	129⅜	131
32⅜	20⅜	0.50	United Aircraft (New)	30½	30⅜
23⅞	13	0.20	United Airline Trans.	23⅞	23⅞
9¼	5⅜	0.20	United Corporation	7⅜	7⅞
19½	14⅞	1.00	United Gas Improvement	15¼	15⅜
59	31¼	—	U. S. Indus. Alcohol	38⅞	38
48⅞	16⅜	—	U. S. Rubber	48	47⅜
80⅜	46⅜	—	U. S. Steel	80½	79⅜
31⅞	10¼	—	Vanadium	31⅞	31⅜
18	9¼	—	Warner Bros. Pictures	16⅞	17
153½	94½	4.50	Westinghouse Electric	148½	153¼

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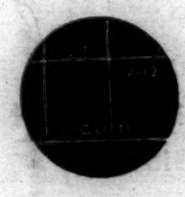

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